

By: Hinojosa

H.B. No. 878

A BILL TO BE ENTITLED

AN ACT

relating to phasing out the tax reduction for certain high-cost gas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 201.057(f), Tax Code, is amended to read as follows:

(f) To qualify for the tax reduction provided by this section, the person responsible for paying the tax must apply to the comptroller. Notwithstanding any other provision of this section, the application must be filed with the comptroller before September 1, 2021. The application must contain the certification of the commission that the well produces high-cost gas and must contain a report of drilling and completion costs incurred for each well on a form and in the detail as determined by the comptroller. Drilling and completion costs for a recompletion shall only include current and contemporaneous costs associated with the recompletion. Notwithstanding any other provision of this section, to obtain the maximum tax reduction, an application to the comptroller for certification according to Subsection (a)(2) must be filed with the comptroller before September 1, 2021, and at the later of the 180th day after the date of first production or the 45th day after the date of approval by the commission. If the application is not filed by the applicable deadline to obtain the maximum tax reduction but is filed before September 1, 2021, the tax

1 reduction is reduced by 10 percent for the period beginning on the
2 180th day after the first day of production and ending on the date
3 on which the application is filed with the comptroller. The
4 comptroller shall approve the application of a person who
5 demonstrates that the gas is eligible for the tax reduction. The
6 comptroller may require a person applying for the tax reduction to
7 provide any relevant information in the person's monthly report
8 that the comptroller considers necessary to administer this
9 section. The commission shall notify the comptroller in writing
10 immediately if it determines that a well previously certified as
11 producing high-cost gas does not produce high-cost gas or if it
12 takes any action or discovers any information that affects the
13 eligibility of gas for a tax reduction under this section.

14 SECTION 2. The change in law made by this Act does not
15 affect tax liability accruing before the effective date of this
16 Act. That liability continues in effect as if this Act had not been
17 enacted, and the former law is continued in effect for the
18 collection of taxes due and for civil and criminal enforcement of
19 the liability for those taxes.

20 SECTION 3. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2021.