

By: González of Dallas

H.B. No. 1377

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the repeal of the exemption from the severance tax for  
3 flared or vented gas.

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

5 SECTION 1. Section 201.052(a), Tax Code, is amended to read  
6 as follows:

7 (a) The tax imposed by this chapter is at the rate of 7.5  
8 percent of the market value of gas produced [~~and saved~~] in this  
9 state by the producer.

10 SECTION 2. Section 201.053, Tax Code, is amended to read as  
11 follows:

12 Sec. 201.053. GAS NOT TAXED. The tax imposed by this  
13 chapter does not apply to gas:

14 (1) injected into the earth in this state, unless sold  
15 for that purpose;

16 (2) [~~produced from oil wells with oil and lawfully~~  
17 ~~vented or flared,~~

18 [~~(3)~~] used for lifting oil, unless sold for that  
19 purpose; or

20 (3) [~~(4)~~] produced in this state from a well that  
21 qualifies under Section 202.056 or 202.060.

22 SECTION 3. Section 201.059(a)(3), Tax Code, is amended to  
23 read as follows:

24 (3) "Qualifying low-producing well" means a gas well

1 whose production during a three-month period is no more than 90 mcf  
2 per day [~~excluding gas flared pursuant to the rules of the~~  
3 ~~commission~~]. For purposes of qualifying a gas well, production per  
4 well per day is determined by computing the average daily  
5 production from the well using the greater of the monthly  
6 production from the well as reported in the monthly well production  
7 reports made to the commission and the monthly production from the  
8 well as reported in the producer's reports made to the comptroller  
9 under Section 201.203, including any amendments to those reports.

10 SECTION 4. Sections 201.059(c), (d), and (e), Tax Code, are  
11 amended to read as follows:

12 (c) An operator of a qualifying low-producing well is  
13 entitled to a 25 percent credit on the tax otherwise due on gas  
14 produced [~~and saved~~] from that well during a month if the average  
15 taxable price of gas certified by the comptroller under Subsection  
16 (b) for the previous three-month period is more than \$3 per mcf but  
17 not more than \$3.50 per mcf.

18 (d) An operator of a qualifying low-producing well is  
19 entitled to a 50 percent credit on the tax otherwise due on gas  
20 produced [~~and saved~~] from that well during a month if the average  
21 taxable price of gas certified by the comptroller under Subsection  
22 (b) for the previous three-month period is more than \$2.50 per mcf  
23 but not more than \$3 per mcf.

24 (e) An operator of a qualifying low-producing well is  
25 entitled to a 100 percent credit on the tax otherwise due on gas  
26 produced [~~and saved~~] from that well during a month if the average  
27 taxable price of gas certified by the comptroller under Subsection

1 (b) for the previous three-month period is not more than \$2.50 per  
2 mcf.

3 SECTION 5. Section 201.201, Tax Code, is amended to read as  
4 follows:

5 Sec. 201.201. TAX DUE. The tax imposed by this chapter for  
6 gas produced [~~and saved~~] is due at the office of the comptroller in  
7 Austin on the 20th day of the second month following the month of  
8 production.

9 SECTION 6. The change in law made by this Act does not  
10 affect tax liability accruing before the effective date of this  
11 Act. That liability continues in effect as if this Act had not been  
12 enacted, and the former law is continued in effect for the  
13 collection of taxes due and for civil and criminal enforcement of  
14 the liability for those taxes.

15 SECTION 7. This Act takes effect September 1, 2021.