BILL ANALYSIS

Senate Research Center

S.B. 1531
By: Brown
Finance
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As Filed

DIGEST

Currently, state law provides for the imposition and rate of a gas severance tax. Because the value of gas is based on the location of the gas at the mouth of a well minus costs associated with moving the gas from the wellhead to the point of sale, the process of approving marketing-cost refunds is difficult to measure. This bill amends the gas severance tax rate imposed, and provides that the market value of gas is the value of the gas at the mouth of the well from which it is produced without deducting the costs of marketing the gas.

PURPOSE

As proposed, S.B. 1531 amends the gas severance tax rate imposed, and provides that the market value of gas is the value of the gas at the mouth of the well from which it is produced without deducting the costs of marketing the gas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 201.052(a), Tax Code, to require the tax imposed by this chapter to be at a rate of 6.9 percent, rather than 7.5 percent, of the market value of gas produced and saved in this state by the producer.

SECTION 2. Amends Section 201.101, Tax Code, as follows:

Sec. 201.101. MARKET VALUE. Provides that the market value of gas is its value at the mouth of the well from which it is produced without deducting the costs of marketing the gas.

SECTION 3. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 4. Emergency clause.