

BILL ANALYSIS

Senate Research Center

S.B. 582
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Finance
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As Filed

DIGEST

Currently, because of the Enhanced Oil Recovery incentive program (program) there is a 50 percent severance tax for all new oil projects. In 1991 this was expanded to include a 50 percent tax credit for existing oil projects. However, the program is set to expire January 1, 1998. S.B. 582 continues the existing oil severance tax incentives for new and expanded enhanced oil recovery projects until January 1, 2008. This extension will not apply to co-production projects.

PURPOSE

As proposed, S.B. 582 extends the applications filing deadlines of the oil production tax to new or expanded enhanced recovery projects to January 1, 1998.

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 202.054(b), Tax Code, to provide that for a new or expanded enhanced recovery project, other than a co-production project, certain taxes are to be paid at a certain date. Makes conforming and nonsubstantive changes.

SECTION 2. Amends Section 202.054(c), Tax Code, to require an application under this section to be filed on or after September 1, 1989 and before January 1, 2008, rather than 1998, for a new enhanced recovery project, rather than a new enhanced recovery project, including any co-production project. Requires an application under this section to be filed on or after September 1, 1989 and before January 1, 2008, rather than 1998, for an expansion of an existing enhanced recovery project.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.