BILL ANALYSIS

Senate Research Center

S.B. 988
By: Brown
Natural Resources
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As Filed

DIGEST

Currently, crude oil production is reported for severance tax purposes at the county level. However, this has proved inadequate. The current system of county-level data cannot capture the relationship between buyers and sellers, which leaveS the State Comptroller's Office without a means to document the price paid for oil at the point of sale. Natural gas is reported aT the individual lease level, the level at which all primary business records are kept. Lease level reporting would provide the data needed for market-level analysis and pre-audit analysis. This bill will require records and reports from certain producers and purchasers of oil to be at the lease level.

PURPOSE

As proposed, S.B. 988 requires records and reports from certain producers and purchasers of oil to be at the lease level.

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 Sections 202.101 and 202.102, Tax Code, to delete a provision requiring a producer to keep a record of counties in which and the names of leases from which a producer produces oil. Makes conforming changes.

SECTION 2. Amends Section 202.201(a), Tax Code, to make conforming changes.

SECTION 3. Amends Section 202.202(a), Tax Code, to make conforming changes.

SECTION 4. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 5. Emergency clause.