

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 988  
By: Brown  
Natural Resources  
3-19-97  
Committee Report (Substituted)

### **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, C.S.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 Section 202.201(a), Tax Code, to require the report to be submitted to the comptroller by a producer to include the number of barrels of oil produced from each lease, the county in which each lease is located from which oil was produced, certain information on each first purchaser of oil and for each purchaser, the amount of oil purchased from each lease, the payment received for the oil from each first purchaser for each lease from which oil was produced, and the lease identification number of each lease from which oil was produced. Makes conforming changes.

SECTION 2. Amends Section 202.202(a), Tax Code, to make conforming changes.

SECTION 3. Emergency clause.  
Effective date: upon passage.

### **SUMMARY OF COMMITTEE CHANGES**

#### **SECTION 1.**

Deletes proposed amendments to Sections 202.101 and 202.102, Tax Code.

Amends Section 202.201(a), Tax Code, previously designated as SECTION 2, to delete proposed amendments. Requires information provided to the comptroller to be broken down by lease.

#### **SECTION 2.**

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

### SECTION 3.

Deletes existing SECTIONS 4 and 5, regarding the effective date, application of the Act, and the emergency clause.

Adds SECTION 3, to include the emergency clause and provide that the Act is effective upon passage.