

## BILL ANALYSIS

Senate Research Center  
77R3199 CBH-D

S.B. 344  
By: Bivins  
Finance  
3/14/2001  
As Filed

### DIGEST AND PURPOSE

Currently, state law requires the state to collect severance taxes for each barrel of oil and each Mcf (thousand cubic feet) of natural gas produced in the state. As proposed, S.B. 344 implements a sliding scale for the collection of crude oil and natural gas severance taxes.

### RULEMAKING AUTHORITY

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

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 201.052, Tax Code, to require the comptroller to certify the average closing cost of gas, as recorded on the New York Mercantile Exchange (NYMEX), for the previous three months. Requires the comptroller to publish certifications under this subsection in the Texas Register. Provides the tax imposed by this chapter on gas produced and saved during a particular month is at the rate of certain valuations.

(c) Provides that if the tax is paid on gas at a higher rate than required by Subsection (a), the person paying the tax is entitled to a credit against taxes imposed by this chapter for the amount overpaid. Requires the person, to receive the credit, to apply to the comptroller for the credit not later than the expiration of the applicable period for filing a tax refund under Section 111.104.

SECTION 2. Amends Section 202.052, Tax Code, by requiring the comptroller to certify each month the average closing cost of West Texas Intermediate crude oil, as recorded on the NYMEX, for the previous three months. Requires the comptroller to publish certifications under this subsection in the Texas Register. Provides that the tax imposed by this chapter on oil produced in this state during a particular month is at the rate of certain valuations.

(b) Provides that for oil produced in this state from a new or expanded enhanced recovery project that qualifies under Section 202.054 of this code, the rate of the tax imposed by this chapter is one-half of the applicable rate prescribed by Subsection (a). Deletes language regarding 2.3 percent of the market value of the oil.

(d) Makes a conforming change.

SECTION 3. Effective date: September 1, 2001.

Makes application of this Act regarding gas and oil production prospective.

(b) Requires the comptroller, as soon as practicable after the effective date of this Act, the comptroller to perform the initial certification determinations as required by Sections 201.052 and 202.052, Tax Code, as amended by this Act. Requires the initial certification determination to cover the three-month period beginning on June 1, 2001.

(c) Makes application of this Act regarding tax liability prospective.