

BILL ANALYSIS

Senate Research Center
83R7314 CJC-F

S.B. 1434
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Finance
4/19/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

New oil and gas extraction technology has fostered explosive growth in shale-rich areas throughout Texas. Horizontal drilling and hydraulic fracturing have opened up areas to production that conventional wisdom deemed long ago to have been depleted of any significant resources. This activity has been of unquestionable and tremendous benefit to the state, but not without consequence. The increase in traffic, particularly the heavy equipment needed to prepare, construct, and maintain a well site, has stressed county and state roads at an untenable level. Congestion has increased, roadway safety has declined, and wear and tear has accelerated for all vehicles traveling affected roadways.

The rapid degradation of roadways in impacted areas has been a challenge that has compounded the difficulty in supplying and maintaining the infrastructure. S.B. 1434 delivers needed relief to counties by expanding the definition of new property value to include real property interests in oil or gas. This change will allow the effective tax rate to automatically increase proportionally with oil field activity without threat of a rollback election, enabling counties to better meet their roadway needs.

As proposed, S.B. 1434 amends current law relating to the definition of new property value for purposes of the calculation of certain ad valorem tax rates for a county.

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 26.012(17), Tax Code, to redefine "new property value" to include for purposes of a county, the increase in total taxable value of real property interests in oil or gas in place listed on the appraisal roll in the current year attributable to the production of oil or gas from wells completed after January 1 of the preceding year.

SECTION 2. Provides that this Act applies to the calculation of certain ad valorem tax rates for a county only for a tax year beginning on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2014.