

## **BILL ANALYSIS**

Senate Research Center

S.B. 1008  
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Finance  
3/30/2017  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 1008 is the enabling legislation for S.J.R. 41. Should S.J.R. 41 pass and be approved by the voters in November 2017, the rate of the tax imposed by the Texas comptroller of public accounts (comptroller) on oil and gas would be reduced. Specifically, in the event the comptroller's biennial revenue estimate projects that the ending balance of the economic stabilization fund (ESF) will exceed \$5 billion, the comptroller would not make the required transfers of production taxes to the ESF and would reduce the rate of the severance tax on oil and gas so that revenues are reduced by the amount of foregone transfers into the ESF.

As proposed, S.B. 1008 amends current law relating to funding for the economic stabilization fund, including the rates of severance taxes on oil and gas production.

### **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, by amending Subsection (a) and adding Subsection (b), as follows:

(a) Provides that the tax imposed by this chapter (Gas Production Tax), except as provided by Subsection (b), is at the rate of 7.5 percent of the market value of gas produced and saved in this state by the producer, rather than the tax imposed by this chapter is at the rate of 7.5 percent of the market value of gas produced and saved in this state by the producer.

(b) Provides that the rate of tax on gas production described by Subsection (a) is subject to Section 49-g(c-6), Article III, Texas Constitution.

SECTION 2. Amends Section 202.052, Tax Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

(a) Provides that the tax imposed by this chapter, except as provided by Subsection (d), is at the rate of 4.6 percent of the market value of oil produced in this state or 4.6 cents for each barrel of 42 standard gallons of oil produced in this state, whichever rate results in the greater amount of tax, rather than the tax imposed by this chapter is at the rate of 4.6 percent of the market value of oil produced in this state or 4.6 cents for each barrel of 42 standard gallons of oil produced in this state, whichever rate results in the greater amount of tax.

(b) Makes a conforming change.

(d) Provides that the rates of tax on oil production described by Subsections (a) and (b) are subject to Section 49-g(c-5), Article III, Texas Constitution.

SECTION 3. Amends the heading to Subchapter H, Chapter 316, Government Code, to read as follows:

SUBCHAPTER H. STATE HIGHWAY FUND

SECTION 4. Amends Section 404.0241(c), Government Code, to require the Texas comptroller of public accounts (comptroller) to include the fair market value of the investment portfolio of the economic stabilization fund in calculating the amount in the fund for purposes of Section 49-g(g), Article III, Texas Constitution, rather than for purposes of Section 49-g(g), Article III, Texas Constitution, and Section 316.093 of this code.

SECTION 5. Repealers: Sections 316.091 (relating to the defining "fund" as the economic stabilization fund), 316.092 (Determination of Sufficient Fund Balance), 316.093 (Adjustment of Constitutional Allocations to Fund and State Highway Fund), 404.0241(a) (relating to investment of certain economic stabilization fund balances) and 404.0241(d) (relating to the expiration of Section 316.092), Government Code.

SECTION 6. Effective date: January 1, 2018, contingent upon approval by the voters of the constitutional amendment proposed by the 85th Legislature, Regular Session, 2017, relating to foregoing the transfer of oil and gas production tax revenue to the economic stabilization fund in certain circumstances. Provides that if that amendment is not approved by the voter, this Act has no effect.