

## **BILL ANALYSIS**

Senate Research Center

S.B. 1407  
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Finance  
4-22-97  
As Filed

### **DIGEST**

In 1995, legislation was passed which changed the High Cost Gas Incentive Program created in 1989. For wells spudded or completed prior to September 1, 1996, Railroad Commission certification as a high-cost gas wells provides for an exemption from state severance taxes under the High-Cost Gas Incentive Program. Beginning with wells spudded or completed on or after that date, commission certification will mean a reduction of those taxes. This legislation was intended to encourage the drilling of new high cost gas wells in the State of Texas. S.B. 1407 would extend the filing deadlines to apply for the tax exemption and reduction, and impose a penalty for late filing.

### **PURPOSE**

As proposed, S.B. 1407 extends the filing deadlines to apply for the tax exemption and reduction under the High-Cost Gas Incentive Program and imposes a penalty for late filing.

### **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 201.507(e), Tax Code, to authorize an application submitted to the Railroad Commission of Texas (commission) for certain certification by the operator of a proposed or existing gas well, to be made at any time after the first day of production, rather than requiring such an application to be made in writing not later than the 180th day after the first day of production.

SECTION 2. Amends Section 201.057(f), Tax Code, to prohibit an application to the comptroller for certification according to Subsection (a)(2)(A), to obtain the maximum exemption or tax reduction, from being filed after the 180th day after the first day of production or 45 days after the date of approval or certification by the commission, whichever is later. Sets forth provisions applicable if the application is filed after the 180th day after the first day of production or 45 days after the date of approval or certification by the commission.

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