

BILL ANALYSIS

Senate Research Center
76R11645 CBH-F

H.B. 2615
By: Counts (Brown)
Finance
5/6/1999
Engrossed

DIGEST

The legislature enacted the high-cost gas severance tax incentive program in 1989 and reenacted it in 1995. The program is designed to encourage natural gas producers to drill expensive and technically difficult gas wells. The legislature enacted the two-year inactive well severance tax incentive program in 1993 and reenacted it in 1997. This program is designed to encourage producers not to plug inactive wells. It has significantly increased natural gas production in Texas. H.B. 2615 extends the high-cost gas severance tax incentives program by eight years and extends the two-year inactive well severance tax incentive program by ten years.

PURPOSE

As proposed, H.B. 2615 regulates the application of the oil and gas severance taxes to high-cost gas production and inactive oil and gas leases.

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 201.057(c), Tax Code, to provide a tax reduction for high-cost gas as defined in Subsection (a)(2)(A) produced from a well that was spudded or completed after August 31, 1996, and before September 1, 2010, rather than 2002.

SECTION 2. Amends Sections 202.056(c) and (d), Tax Code, to prohibit the railroad commission from designating a two-year inactive well under this section after February 28, 2010, rather than February 29, 2000. Requires an application for two-year inactive well certification to be made during the period September 1, 1997 through August 31, 2009, rather than 1999.

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