

## **BILL ANALYSIS**

Senate Research Center  
76R468 SMH-D

C.S.S.B. 792  
By: Nixon  
Natural Resources  
4/14/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, in Texas there is some question as to whether companies that pay the proceeds from the sale of gas are required to provide certain information that would be useful to the payee for payment of federal taxes. Many companies already provide this information, but placing this requirement clearly in state law will assure all such payees have access to this information. C.S.S.B. 792 would require certain payors of proceeds from the sale of gas to provide certain information to the payee.

### **PURPOSE**

As proposed, C.S.S.B. 792 requires a payor of the proceeds from the sale of gas produced from certain gas wells to furnish certain information to the payee.

### **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 Chapter 91J, Natural Resources Code, by adding Section 91.408, as follows:

Sec. 91.408. INFORMATION FOR PAYEES OF PROCEEDS OF PRODUCTION FROM CERTAIN GAS WELLS. Requires a payor of the proceeds from the sale of gas produced from a tight formation as defined by Section 29(c)(2)(B), Internal Revenue Code of 1986, annually to furnish the payee a statement providing the information necessary to compute the federal income tax credit provided by that section for the gas for which payment was made in the preceding year, including certain items.

SECTION 2. Requires such statement as described in SECTION 1 of this Act to be furnished no later than the 15th day of March.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.

### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends Section 91.408, Natural Resources Code, to require a payor of certain proceeds to furnish the payee a statement providing the information necessary to compute the federal income tax credit for the gas for which payment was made in the preceding year, including certain items.

SECTION 2.

Adds the SECTION to require such statement as described in SECTION 1 of this Act to be furnished no later than the 15th day of March.

Redesignates existing SECTIONS accordingly.