

## **BILL ANALYSIS**

Senate Research Center  
77R7529 DAK-D

S.B. 1749  
By: Haywood  
Finance  
4/25/2001  
As Filed

### **DIGEST AND PURPOSE**

Currently, natural gas production in Texas is subject to a 7.5 percent tax when it is severed from the lease upon which it is produced. This tax is enforced even when the natural gas is never sold and is consumed by the owners on the property where it is produced. As proposed, S.B. 1749 exempts "lease use fuels" from the burden of severance taxes.

### **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 201.053, Tax Code, to provide that the tax imposed by this chapter does not apply to gas used on the lease for agricultural purposes or purposes associated with agriculture, unless sold for that purpose.

SECTION 2. (a) Provides that this Act takes effect on the first day of the calendar month following the month it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. Provides that if this Act does not receive the vote necessary for that effective date, this Act takes effect September 1, 2001.

(b) Makes application of this Act prospective.