Senate Research Center

S.B. 214
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 214 is the enabling legislation for S.J.R 21. Should S.J.R 21 pass and be approved by the voters, the rate of the tax imposed by the comptroller of public accounts of the State of Texas (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) for the preceding fiscal year will exceed 10 percent of the prior fiscal year's total net general revenue related collections, 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. 214 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 is at the rate of 7.5 percent of the market value of gas produced and saved in this state by the producer, except as provided by Subsection (b).

(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 is at the rate of 4.6 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, except as provided by Subsection (d).

(b) Provides that the oil produced in this state from a new or expanded enhanced recovery that qualifies under Section 202.054 (Qualification of Oil From New or Expanded Enhanced Recovery Project For Special Tax Rate) of this code, except as provided by Subsection (d).

(d) Provides that the rate 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 delete existing text requiring the 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 316.093 (Adjustment of Constitutional Allocations to Fund and State Highway Fund) of this code.

SECTION 5. Repealer: Section 316.091 (Definition), Government Code.

Repealer: Section 316.092 (Determination of Sufficient Fund Balance), Government Code.

Repealer: Section 316.093 (Adjustment of Constitutional Allocations to Fund and State Highway Fund), Government Code.

Repealer: Sections 404.0241(a) (relating certain requirements governing the comptroller's investment of a percentage of the economic stabilization fund) and (d) (relating to the expiration of Section 404.0241), Government Code.

SECTION 6. Effective date: January 1, 2020, contingent upon approval by voters of the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, providing for foregoing the transfer of oil and gas production tax revenue to the economic stabilization fund if the ending balance for the preceding fiscal year is greater than $5 billion and for reducing the rates of oil and gas production taxes by amounts sufficient to equal the foregone transfer. Provides that if that amendment is not approved by the voters, this Act has no effect.