

**BILL SUMMARY**  
1<sup>st</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2377</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>7829</b>
<b>Author:</b>	<b>Rep. L. Osborn</b>
<b>Date:</b>	<b>5/11/2017</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Net Revenue Positive for FY-18:</b>
	<b>\$46.3 Million</b>
	<b>Rebates Paid Over 36 Months,</b>
	<b>Beginning July 1, 2018</b>

**Research Analysis**

HB2377 moves up the sunset date for numerous gross production tax incentives to July 1, 2017, requires claims for rebates to be made by September 30, 2017 and delays rebate payments until after July 1, 2018. The affected incentives relate to:

- incremental production from secondary recovery projects;
- incremental production from tertiary recovery projects;
- reestablished production from an inactive well;
- production from production enhancement projects;
- production from deep wells with a depth between 12,500 and 14,999 feet;
- production from new discovery wells; and
- production using 3-D seismic technology.

The measure also sunsets the incentive for production from an economically at-risk oil and gas lease on December 31, 2016, requires claims for rebates to be made by June 30, 2017 and delays rebates payments until after July 1, 2018.

Prepared By: Quyen Do

**Fiscal Analysis**

The Tax Commission indicates the rebate moratorium for FY-18 will result in net positive collections of approximately \$46,320,000. Rebates will re-commence and be paid over a thirty-six month period beginning July 1, 2018.

Prepared By: Mark Tygret

**Other Considerations**

None.