

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB 3654
Version:	INT
Request Number:	9580
Author:	Rep. Sean Roberts
Date:	2/28/2018
Impact:	Tax Commission Analysis:
	Positive Revenue from Increase in Tax Rate
	Estimate of \$18.1 Million
	(Needs Verification)

Effective Upon Approval by Voters

Research Analysis

HB3654, as introduced, seeks a vote of the people to establish a new gross production tax (GPT) rate for production of oil and gas from a well spudded on or after the effective date of the act. For the first 36 months of production, the GPT rate will be four percent and seven percent thereafter. Production from wells currently taxed at two percent will be unaffected.

Prepared By: Quyen Do

Fiscal Analysis

The measure provides that production of oil and gas for wells spudded on or after the effective date would be taxed at a rate of four percent (4.0%) for the first thirty-six months of production. Current law provides for a tax rate of two percent (2.0%). The Tax Commission has provided prior analysis on new well production at selected rates that indicates the positive revenue potential may approach \$18.1 million, however the actual amount will depend on market conditions and taxable volumes.

The measure includes provision to submit the question to voters for their consideration.

Prepared By: Mark Tygret

Other Considerations

None.