

Amend **HB 3732** (2nd Reading Engrossment) by striking page 15, line 6, through page 16, line 1, and substituting the following:

(d) To qualify for the tax rate reduction under this section, the operator must apply for a certification from:

(1) the Railroad Commission of Texas, if carbon dioxide used in the project is to be sequestered in a reservoir productive of oil or natural gas;

(2) the Texas Commission on Environmental Quality, if carbon dioxide used in the project is to be sequestered in a geological formation other than a reservoir productive of oil or natural gas; or

(3) both the Railroad Commission of Texas and the Texas Commission on Environmental Quality if both Subdivisions (1) and (2) apply.

(e) An agency to which an operator applies for a certification under Subsection (d) may issue the certification only if the agency finds that, based on substantial evidence, there is a reasonable expectation that:

(1) the operator's planned sequestration program will ensure that at least 99 percent of the carbon dioxide sequestered as required by Subsection (a)(4) will remain sequestered for at least 1,000 years; and

(2) the operator's planned sequestration program will include appropriately designed monitoring and verification measures that will be employed for a period sufficient to demonstrate whether the sequestration program is performing as expected.

(e-1) The tax rate reduction does not apply if the operator's sequestration program or the operator's monitoring and verification measures differ substantially from the planned program described by Subsection (e), and the operator shall refund the difference between the amount of the tax paid under this section and the amount that would have been imposed in the absence of this section.