

CHRISTI CRADDICK, *CHAIRMAN*
 JIM WRIGHT, *COMMISSIONER*
 WAYNE CHRISTIAN, *COMMISSIONER*



ALEXANDER C. SCHOCH, *GENERAL COUNSEL*

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Chairman Christi Craddick
 Commissioner Jim Wright
 Commissioner Wayne Christian

FROM: Fernando S. Domene, Attorney
 Office of General Counsel

THROUGH: Alexander C. Schoch, General Counsel

DATE: September 29, 2026

SUBJECT: Item 479: Proposed amendments to § 7.351, Gas
 Utility Pipeline Tax

October 6, 2026		
Approved	Denied	Abstain
DS		
DS		
DS		

Attached is Staff's recommendation to propose an amendment to 16 Texas Administrative Code §7.351, relating to Gas Utility Pipeline Tax.

The proposed amendment to §7.351 updates the procedures for submitting gas utility tax reports and payments to the Commission by removing language addressing submission by mail. The amendment is necessary to conform the rule to the Commission's new online payment system, under which gas utility tax reports and payments are submitted exclusively through an electronic payment portal.

Staff requests the Commission's approval to publish the proposed amendments in the *Texas Register* for public comment. If approved at conference on October 6th, the proposal should appear in the October 23rd issue of the *Texas Register*. The proposal and an online comment form would also be made available on the Commission's website, giving interested persons more time to review and submit comments to the Commission.

cc: Wei Wang, Executive Director
 Mark Evarts, Director, Oversight and Safety Division
 Yvonne Jackson, Director, Gas Services

Railroad Commission of Texas
16 TAC Chapter 7 --Gas Services

Page 1 of 4

1 The Railroad Commission of Texas (Commission) proposes an amendment to 16 Tex. Admin.
2 Code §7.351, relating to Gas Utility Pipeline Tax. §7.351 establishes the reporting and payment
3 requirements for the gas utility tax imposed under Texas Utilities Code, Chapter 122, including the
4 deadlines and procedures for filing quarterly tax reports and payments.

5 Currently, subsection (b) of §7.351 provides that the Commission considers a gas utility tax
6 report and payment timely filed if it is received by the Commission's Gas Services department on or
7 before the applicable deadline or is sent by first-class United States mail, properly addressed and stamped,
8 postmarked before the deadline, and received not more than 10 days later. The Commission has
9 implemented a new online payment system under which gas utility tax reports and payments are
10 submitted exclusively through an electronic payment portal. The Commission therefore
11 proposes to amend §7.351 to conform the rule to the Commission's current payment procedure.

12 Proposed amended §7.351(b) removes the language addressing the submission of gas utility tax
13 reports and payments by mail. The amended subsection provides only that a gas utility tax report and
14 payment are timely filed if received by the Gas Services department on or before the applicable date.

15 Mark Evarts, Director, Oversight and Safety Division, has determined that for each year of the
16 first five years the proposed amendment will be in effect, enforcing or administering the amendment will
17 not have foreseeable implications relating to costs or revenues of state or local governments.

18 Mr. Evarts has also determined that for each year of the first five years the proposed amendment
19 will be in effect, the public benefit anticipated as a result of enforcing or administering the amendment
20 will be increased regulatory clarity by conforming the rule to the Commission's current electronic
21 payment procedures.

22 Mr. Evarts has determined that for each year of the first five years that the proposed amendment
23 will be in effect, there will be no additional economic costs for persons required to comply as a result of
24 the Commission's adoption of the proposed amendment. Gas utility tax payments may be submitted
25 electronically through an ACH/e-check option without an additional fee. Although payment by credit card
26 may be subject to a convenience fee, use of a credit card is not required to comply with the rule.

1 In accordance with Texas Government Code, §2006.002, the Commission has determined there
2 will be no adverse economic effect on rural communities, small businesses or micro-businesses resulting
3 from the proposed amendment. As discussed above, there will be no additional economic costs for
4 persons required to comply as a result of adoption of the proposed amendment; therefore, the Commission
5 has not prepared the economic impact statement or the regulatory flexibility analysis under §2006.002.

6 The Commission has determined that the proposed rulemaking will not affect a local economy;
7 therefore, pursuant to Texas Government Code, §2001.022, the Commission is not required to prepare a
8 local employment impact statement for the proposed amendment.

9 The Commission has determined that the proposed amendment does not meet the statutory
10 definition of a major environmental rule as set forth in Texas Government Code, §2001.0225; therefore, a
11 regulatory analysis conducted pursuant to that section is not required.

12 During the first five years that the amended rule would be in effect, the proposed amendment
13 would not: create or eliminate a government program; create or eliminate any employee positions; require
14 an increase or decrease in future legislative appropriations; increase fees paid to the agency; create a new
15 regulation; increase or decrease the number of individuals subject to the rule's applicability; or positively
16 or adversely affect the state's economy. The proposed amendment limits the existing regulation only by
17 removing language addressing submission by mail.

18 Comments on the proposal may be submitted to Rules Coordinator, Office of General Counsel,
19 Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967; online at
20 <https://rrc.texas.gov/general-counsel/rules/comment-form-for-proposed-rulemakings/>; or by electronic
21 mail to rulescoordinator@rrc.texas.gov. The Commission will accept comments until 5 p.m. on Monday,
22 November 23, 2026. The Commission finds that this comment period is reasonable because the proposal
23 and an online comment form will be available on the Commission's website more than two weeks prior to
24 *Texas Register* publication of the proposal, giving interested persons additional time to review, analyze,
25 draft, and submit comments. The Commission encourages all interested persons to submit comments no
26 later than the deadline. The Commission also requests information related to the cost, benefit, or effect of

Railroad Commission of Texas
16 TAC Chapter 7 --Gas Services

Page 3 of 4

1 the proposed rule, including any applicable data, research, or analysis, from any person required to
2 comply with the proposed amendment or any other interested person. The Commission cannot guarantee
3 that comments submitted after the deadline will be considered. For further information, call Mr. Evarts at
4 (512) 463-9663. The status of Commission rulemakings in progress is available at
5 www.rrc.texas.gov/general-counsel/rules/proposed-rules.

6 The Commission proposes the amendment under Title 3 of the Texas Utilities Code, specifically
7 §122.151, which authorizes the Commission to adopt rules necessary under Tex. Util. Code Chapter 122
8 and to collect and enforce the taxes imposed under that chapter.

9 Statutory authority: Texas Utilities Code §122.151.

10 Cross reference to statutes: Texas Utilities Code, Chapter 122.

11
12 § 7.351. Gas Utility Pipeline Tax

13 (a) (No change.)

14 (b) Tax payment. Each gas utility subject to this tax shall report and pay the tax imposed to the
15 Commission by February 20, May 20, August 20, and November 20 of a year for the preceding calendar
16 quarter. The gas utility tax report shall be of a form and content as established by the Commission and
17 shall be properly completed. The Commission shall consider a gas utility tax report and payment timely
18 filed if it is received by Gas Services on or before the applicable date ~~[or is sent to Gas Services by first-~~
19 ~~class United States mail in an envelope or wrapper properly addressed and stamped and postmarked~~
20 ~~before the deadline and received not more than 10 days later. A legible postmark affixed by the United~~
21 ~~States Postal Service shall be prima facie evidence of the date of mailing].~~

22 (c)-(f) (No change.)
23

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within
the agency's authority to adopt.

Railroad Commission of Texas
16 TAC Chapter 7 --Gas Services

Page 4 of 4

Issued in Austin, Texas on _____ **October 6**, 2026.

Filed with the Office of the Secretary of State on _____ **October 6**, 2026.

A handwritten signature in blue ink, appearing to be 'F. Domene', written over a horizontal line.

Fernando S. Domene
Attorney, Office of General Counsel
Railroad Commission of Texas