

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 23, 2003

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB942 by Chisum (Relating to certain bond requirements for persons engaged in certain activities under the jurisdiction of the Railroad Commission of Texas other than the ownership or operation of wells.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB942, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>OIL-FIELD CLEANUP ACCT</i> 145	Probable (Cost) from <i>OIL-FIELD CLEANUP ACCT</i> 145
2004	\$100,000	(\$100,000)
2005	\$70,000	(\$70,000)
2006	\$70,000	(\$70,000)
2007	\$70,000	(\$70,000)
2008	\$70,000	(\$70,000)

Fiscal Analysis

The bill would provide exemptions for certain non-well operators. Other non-exempt non-well operators would be required to file a bond, other financial assurance or cash deposit up to \$25,000.

The bill would provide that a person engaged in more than one activity or operation would only have to file one bond or other form of financial assurance for the activity for which the amount is the greatest.

In addition, the bill would increase by \$125 the following fees: the fee paid by an operator of one or more natural gas pipelines; the range of fees the Railroad Commission is authorized to charge for an operator of one or more pipelines carrying liquids; and the range of fees the Railroad Commission is

authorized to charge for an operator on one or more service activities or facilities operating one or more wells.

Methodology

The increase in fees provided by the bill is estimated by the Railroad Commission to result in additional revenues to the Oil Field Cleanup Account No. 145 by \$100,000 in fiscal year 2004 and by \$70,000 in fiscal year 2005. This estimate assumes all such revenues would be expended on additional cleanup activities, for which demand is expected to exist beyond available revenues.

According to the Railroad Commission, under current law operators with non-well activities would be required in the future to file financial assurance of \$250,000 or a lesser amount based on risk as determined by the Commission. Since the bill exempts certain categories of non-well activities from the bonding requirement and reduces the bond amount to \$25,000 for other activities, the bill could result in the state being exposed to greater liability in terms of sites requiring cleanups using proceeds of the Oil Field Cleanup Account No. 145.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: JK, CL, TL