

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

TO: Honorable George "Buddy" West, Chair, House Committee on Energy Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1194 by West, George "Buddy" (Relating to pipeline safety fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1194, As Introduced: a positive impact of \$2,922,576 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	\$1,461,463
2005	\$1,461,113
2006	\$1,461,463
2007	\$1,461,113
2008	\$1,461,113

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from GENERAL REVENUE FUND 1
2004	\$1,461,463
2005	\$1,461,113
2006	\$1,461,463
2007	\$1,461,113
2008	\$1,461,113

Fiscal Analysis

The bill would provide that the Railroad Commission adopt reasonable fees to be assessed annually against operators of pipelines and pipeline facilities. The amount of fees collected would be limited to the amount estimated by the Commission to be necessary to recover the costs of administering the pipeline safety program, excluding costs that are fully funded by federal sources.

Methodology

This estimate assumes that fees would be set by the Railroad Commission at a rate sufficient only to cover cost of the Safety of Pipelines and Geographic Information Systems programs. Costs for these programs are based on those identified in the agency's Building Block submission for 2004-05, plus related indirect costs. Costs are assumed to remain relatively constant through fiscal year 2008.

This estimate identifies increased revenues to the General Revenue Fund but does not identify any increased costs, since costs of the pipeline safety program are currently being paid with General Revenue Funds not supported by fee revenues.

Local Government Impact

Local governments operating gas utilities would likely see a cost increase as a result of the bill's passage, since they would be required to pay fees on pipelines and pipeline facilities. However, it is expected that any cost incurred by local governments would be offset by rate increases assessed to utility customers.

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

LBB Staff: JK, JO, CL, MS, TL