

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 8, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1195** by West, George "Buddy" (Relating to the fee for a reissued certificate of compliance for an oil lease or gas well.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1195, As Engrossed : a positive impact of \$1,419,000 through the biennium ending August 31, 2005.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$709,500
2005	\$709,500
2006	\$709,500
2007	\$709,500
2008	\$709,500

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2004	\$709,500
2005	\$709,500
2006	\$709,500
2007	\$709,500
2008	\$709,500

**Fiscal Analysis**

The bill would amend the Natural Resources Code, Section 85.167(a) increasing the fee for the reinstatement of a Producer's Transportation Authority and Certificate of Compliance for an oil lease that the Railroad Commission has severed or a gas well that the Commission has sealed for violations from the current \$100 per lease to \$300 per severance/seal violation. According to the Railroad Commission, operators currently are only required to pay \$100 per lease with multiple violations. Under the proposed legislation, operators could be required to pay for each violation.

**Methodology**

According to the Railroad Commission, in fiscal year 2002 there were approximately 3,300 violators assessed fees for 13,861 seal and/or severance orders. Fees on these violators result in revenues of \$330,000 per fiscal year, according to the Commission.

Since the increase in fees is likely to result in increased compliance, this estimate assumes that 75 percent fewer seal and severance orders would be assessed, resulting in fees assessed on approximately 3,465 violations, for total revenue of \$1,039,500 per fiscal year, or an increase of \$709,500 over the current annual revenue stream.

Passage of the bill could result in some increased programming costs to the Railroad Commission, since the way in which fees are calculated would have to be changed, however these costs are expected to be offset by commission staff having fewer seal and severance orders to issue, due to increased compliance.

### **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, JO, CL, MS, TL