

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

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

**March 25, 2003**

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

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

**IN RE: SB619** by Armbrister (Relating to oil spill prevention and response.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB619, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make an appropriation out of the General Revenue-Dedicated Coastal Protection Account No. 027.

**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 Savings/(Cost) from <i>Coastal Protection Account</i> 27
2004	(\$22,462,545)
2005	(\$22,462,545)
2006	\$0
2007	\$0
2008	\$0

**Fiscal Analysis**

The bill would amend Chapter 40 of the Natural Resources Code, relating to the Oil Spill Prevention and Response Act of 1991. The bill would remove the language that requires the General Land Office (GLO) to develop a coastal discharge contingency plan with the Texas Commission on Environmental Quality (TCEQ) and deletes all references to that plan. The bill would repeal Section 40.053(b) which allows the Railroad Commission to respond to coastal oil spills which do not exceed 240 barrels from activities associated with the exploration, development or production of oil or gas within certain areas, as well as the transportation of oil or gas by pipeline.

The bill would repeal various sections of the Natural Resources Code, including those relating to the Interagency Council, the State Coastal Discharge Contingency Plan, general terms relating to the Railroad Commission of Texas (RRC) review of oil and gas activities and providing for costs reimbursement to RRC, entry into port, the revenue transfer to the RRC when the Coastal Protection

Account balance reaches \$25 million, and the Oil Spill Oversight Council.

## **Methodology**

The bill makes an appropriation out of the GR-dedicated Coastal Protection Account No. 027 for selected costs identified in Section 40.152(a), specifically: abatement and containment of discharges of oil; response costs and damages for unauthorized discharges of oil; assessment, restoration, rehabilitation, or replacement and mitigation of damages to natural resources from discharges of oil; purchase of response equipment not to exceed \$4 million; and all remaining balances for emergency response.

Based on the Comptroller's Biennial Revenue Estimate, during the 2004-05 biennium, receipts for the Coastal Protection Account are estimated to be \$21,435,000. In addition, year end balances for 2003 are estimated to be \$23,490,090, for a total of \$44,925,090 available for appropriation for the 2004-05 biennium. Under current law, for the 2002-03 biennium the agency identified expenditures totaling \$19,844,632, including costs for administration of the program.

The General Land Office appropriation request for 2004-05, totals \$23,213,425 for oil spill related activities. Of this amount, \$1,155,388 is for various capital equipment purchases, including vehicles, boats, computer hardware and software, disaster recovery and continuation of the oily bilge reclamation project. This amount is less than the \$4 million maximum stipulated in the bill for response equipment. For the purposes of this fiscal note, it is assumed that administrative expenses as defined in Section 40.152(a)(1) represent 10 percent of the total amount requested or \$2,321,343. In accordance with provisions of the bill, such amounts would not be appropriated out of the Coastal Protection Account for the two year period, resulting in a net appropriation of \$20,892,082 for costs appropriated by the bill, except emergency response. The bill provides that the remaining balance of \$24,033,008 would be appropriated for emergency response. For purposes of this fiscal note, amounts available for appropriation are evenly split between fiscal years.

The bill would remove the Railroad Commission's jurisdiction for response to coastal oil spills of less than 240 barrels and also for response to spills resulting from the transportation of oil and gas by pipeline. The Railroad Commission reported that there were 23 oil spills of less than 240 barrels in coastal waters during fiscal year 2002. However, most spills were cleaned up by responsible parties with state costs occurring from oversight of the clean ups. The agency expects that any savings generated from elimination of this responsibility would be used for inland spills and oversight of pipeline facilities.

Provisions of the bill would not have significant fiscal impact on member agencies of the Interagency Council or the Oil Spill Oversight Council.

## **Technology**

No significant impact to technology resources is anticipated.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 582 Commission on Environmental Quality

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