

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 5, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2986 by West, George "Buddy" (Relating to the informal resolution of certain proceedings conducted by the Railroad Commission of Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2986, As Introduced: a negative impact of (\$735,594) through the biennium ending August 31, 2007.

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
2006	(\$375,327)
2007	(\$360,267)
2008	(\$360,267)
2009	(\$360,267)
2010	(\$360,267)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$375,327)	4.0
2007	(\$360,267)	4.0
2008	(\$360,267)	4.0
2009	(\$360,267)	4.0
2010	(\$360,267)	4.0

Fiscal Analysis

The bill would require that all claims, complaints, investigations, inquiries, and other contested matters go through Railroad Commission mediation before being subjected to a contested hearing. The Railroad Commission would be required to establish a process for mediating contested proceedings and conduct limited discovery as part of the mediation process. Parties to the contested proceedings would be required to pay travel expenses for Railroad Commission staff.

Methodology

It is assumed that the bill's passage would result in a significant increase in the number of informal complaints handled by the Railroad Commission. It is also assumed that a portion of the informal complaints would become formal complaints and require hearings. It is estimated that the Railroad

Commission would require 4 additional FTEs to handle the additional workload, resulting in additional staff-related and travel costs. However, this estimate assumes that the agency would recover all related travel costs (approximately \$30,000 per year). Costs in the amount of \$15,060, to acquire computers and provide training for additional FTEs are included in fiscal year 2006.

This estimate assumes that all mediation expenses would be paid out of the General Revenue Fund. The bill would become effective on September 1, 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission, 302 Office of the Attorney General

LBB Staff: JOB, WK, ZS, TL