

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 2, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB1013 by Jackson, Mike (Relating to the authority of the Railroad Commission of Texas to regulate warning signs appurtenant to certain pipeline facilities; providing an administrative penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1013, As Introduced: a negative impact of (\$703,542) through the biennium ending August 31, 2009.

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
2008	(\$414,296)
2009	(\$289,246)
2010	(\$289,246)
2011	(\$289,246)
2012	(\$289,246)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	(\$414,296)	5.0
2009	(\$289,246)	5.0
2010	(\$289,246)	5.0
2011	(\$289,246)	5.0
2012	(\$289,246)	5.0

Fiscal Analysis

The bill would give the Railroad Commission exclusive jurisdiction over warning signs for natural gas and hazardous liquid pipelines, gathering lines and distribution facilities and provide related rulemaking authority. The bill would also require that the Railroad Commission adopt and enforce rules regarding the placement of line markers for gathering lines, which currently are the only lines not covered already by the Commission's pipeline safety rules. The bill would create penalties for violations to be deposited to the credit of the General Revenue-Dedicated Oil Field Cleanup Fund Account No. 145.

Methodology

The Railroad Commission reports that it has adopted the federal pipeline safety rules that contain requirements for line markers on regulated pipelines. The bill would add natural gas and liquids transmission, distribution, and gathering lines to its jurisdiction. Railroad Commission staff estimates that there are approximately 30,000 miles of gathering pipelines permitted by the Commission that could be required to have the line markers. The Railroad Commission estimates that the bill's passage would require 5 additional FTEs to enforce the required new agency rules at a cost of \$414,296 in fiscal year 2008 and \$289,246 in subsequent fiscal years. The fiscal year 2008 amount includes \$125,050 in one-time equipment and vehicle costs.

Although the bill specifies that penalties associated with regulation of line markers and warning signs would be deposited to the General Revenue-Dedicated Oil Field Cleanup Fund Account No. 145, this estimate assumes that cost related to implementation of the bill would be paid out of the General Revenue Fund because the Railroad Commission's Pipeline Safety program is funded through General Revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, WK, ZS, TL