

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 16, 2007**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

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

**IN RE: SB1592** by Hinojosa (Relating to the requirements regarding reporting by a common carrier or pipeline owner or operator of contamination and to the composition of the oil-field cleanup fund. ), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1592, Committee Report 2nd House, Substituted: a negative impact of (\$1,000,000) 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	(\$500,000)
2009	(\$500,000)
2010	(\$500,000)
2011	(\$500,000)
2012	(\$500,000)

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>OIL-FIELD CLEANUP ACCT</i> 145
2008	(\$500,000)	\$500,000
2009	(\$500,000)	\$500,000
2010	(\$500,000)	\$500,000
2011	(\$500,000)	\$500,000
2012	(\$500,000)	\$500,000

**Fiscal Analysis**

For purposes of contamination report submitted to the Railroad Commission (RRC) by common carriers and pipeline owners or operators, the bill would provide that the owner of the land is any person who owns interest in the surface estate of a tract of land at the time a contamination report is required to be made, rather than the first person shown on the tax appraisal roll.

The bill would allow a common carrier or the owner or operator of a pipeline report any petroleum-based contamination of soil or water observed or detected in proximity to a pipeline while in the process of placing, repairing, replacing, or maintaining the pipeline to the occupant of the land in lieu of the surface owner as is required under current law. Further, if the owner or operator does not know the identity of the surface owner, the owner or operator would be authorized to satisfy the requirement

to report contamination to the surface owner or occupant by making the report to the first person shown on the tax appraisal roll as owning an interest in the surface estate at the time the report is required to be made. The bill also would clarify that the soil samples required to be collected by the third business day after the date the RRC receives a contamination report be collected by a person who has entered into an agreement with the RRC to collect the samples on RRC's behalf, rather than just a person authorized by RRC.

The bill would not apply to contaminations associated with gathering lines or pipelines that are located entirely within tracts subject to oil and gas leases.

The bill also would remove language that under current law prohibits the RRC from using money in the General Revenue-Dedicated Oil Field Cleanup Account No. 145 for costs relating to contamination reports.

The bill would provide that administrative penalties for pipeline safety violations would be deposited to the Oil Field Cleanup Account No. 145, rather than the General Revenue Fund as under current law.

### **Methodology**

The Railroad Commission reports that \$500,000 in administrative penalties relating to pipeline safety were collected in fiscal year 2006. Assuming that level of penalty collections in future years, passage of the bill would result in a loss of \$500,000 per fiscal year to the General Revenue Fund and a corresponding gain to the General Revenue-Dedicated Oil-Field Cleanup Account No. 145.

Any administrative costs to the Railroad Commission associated with implementing the bill's provisions are not expected to be significant.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 455 Railroad Commission, 582 Commission on Environmental Quality

**LBB Staff:** JOB, ZS, WK, TL, KJG