

BILL ANALYSIS

C.S.H.B. 2333
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law authorizes a municipality to lease oil and gas or mineral land that it owns, in the manner and on the terms that the governing body of the municipality determines, for the benefit of the municipality, but the municipality may not lease under this section a "street, alley, or public square in a municipality." The prohibition of cities leasing public streets, alleys, or city squares is a remnant of the days when oil wells were drilled with derricks onsite, and development in boomtowns, such as Kilgore and Borger, resulted in rigs blocking public roads and otherwise interfering with governmental functions. Recent improvements in oil and gas drilling technology have increased the ability to deviate a bottom hole location from a remote surface location or drill horizontally over significant distances and have made drilling in urban areas possible without disturbing streets or public areas, as evidenced by the ongoing drilling within the City of Fort Worth.

C.S.H.B. 2333 authorizes municipalities to lease mineral rights on city-owned streets, alleys, and public squares as long as the lease prohibits use of the surface of the land for drilling, production, and other operations. This would allow cities to benefit from bonuses and royalties from leasing these city-owned mineral rights.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2333 amends the Local Government Code to authorize, rather than prohibit, a municipality to lease a street, alley, or public square in the municipality under provisions relating to the lease of oil, gas, or mineral land by municipalities, if the lease prohibits the lessee from using the surface of the land for drilling, production, or other operations. The bill specifies that "public square" does not include a dedicated public park.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2333 adds a provision not in the original to specify that that the condition under which a municipality is authorized to lease a street, alley, or public square under provisions for lease of oil, gas, or mineral land, includes a prohibition on drilling, production, or other operations carried out on the surface of the land. The substitute adds a provision not in the original to specify that "public square" does not include a dedicated public park.