

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 17, 2009

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: HB472 by Hilderbran (Relating to the requirements regarding reporting by a common carrier or pipeline owner or operator of contamination.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB472, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Oil-field Cleanup Acct</i> 145
2010	(\$202,500)
2011	(\$202,500)
2012	(\$202,500)
2013	(\$202,500)
2014	(\$202,500)

Fiscal Analysis

The bill would make changes to the reporting requirements the Railroad Commission (RRC) is required to provide to landowners regarding contamination found by a common carrier or pipeline owner or operator during the installation or repair of a pipeline. The bill would allow an operator to notify the first person shown on the tax rolls if the operator does not know the name of the owner and/or occupant of the land. The bill would require the operator to notify “an owner” and “an occupant” of the property within a certain time period. The reporting would not apply to contamination in proximity to a gathering line or a pipeline located entirely within a tract subject to an oil or gas lease. The reporting requirements would apply only to subsurface contamination. The bill would delete the prohibition on the RRC to use money in the General Revenue-Dedicated Oil Field Cleanup Account No. 145 to implement the provisions of the bill. The bill excludes contamination from lease gathering lines from the reporting requirements.

Methodology

The bill would impacts common carriers, which the Railroad Commission reports affects 64,216 miles of pipeline) and operators/owners of pipelines (9,552 miles of private pipeline), for a total of 73,768 miles of pipeline. The Railroad Commission expects that the bill's passage would result in the receipt of an additional 75 contamination reports annually over current levels. Assuming the agency would be required to use a third party to obtain a sample for each of the contamination incidence sites, the Railroad Commission estimates that each sample would cost \$2,700. This estimate assumes that the total cost resulting from the bill's passage would thus be \$202,500 per fiscal year and that these costs would be paid for out of the Oil Field Cleanup Account No. 145, since changes proposed by the bill would specifically remove restrictions for such use.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, WK, ZS, TL, TP