

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

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

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

IN RE: HB2853 by Farabee (Relating to the amount and use of certain fees imposed in connection with oil and gas activities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2853, As Introduced: a positive impact of \$10,199,000 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 | \$4,676,000 |
| 2011 | \$5,523,000 |
| 2012 | \$6,153,000 |
| 2013 | \$6,822,000 |
| 2014 | \$7,507,000 |

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 |
|-------------|---|---|
| 2010 | \$4,676,000 | (\$7,961,000) |
| 2011 | \$5,523,000 | (\$8,791,000) |
| 2012 | \$6,153,000 | (\$9,405,000) |
| 2013 | \$6,822,000 | (\$10,057,000) |
| 2014 | \$7,507,000 | (\$10,726,000) |

Fiscal Analysis

The bill would reduce the Oil Field Cleanup Regulatory Fee deposited to the General Revenue-Dedicated Oil Field Cleanup Account No. 145 by 50 percent. The fee for oil production would drop from five-eighths of a cent per barrel to five-sixteenths of a cent and the fee for natural gas production from one-fifteenth of a cent on each 1,000 cubic feet to one-thirtieth of a cent. The bill would reduce to one-half the share of drilling permit fees deposited to the Oil Field Cleanup Account No. 145. However, the bill does not specify where the remaining one-half of fee collections would be deposited.

Methodology

Without a specific provision for the deposit of one-half of drilling permit fee collections deposited to the Oil Field Cleanup Account No. 145, this estimate assumes that one-half of the fees would instead

go to the General Revenue Fund. The revenue loss to the Oil Field Cleanup Account No. 145 would result from the reduction of the Oil Field Cleanup Regulatory Fee by 50 percent and the redirection of one-half of drilling permit fees to the General Revenue Fund. The gain to General Revenue would result from the redirection of one-half of drilling permit fees fee proceeds from the Oil Field Cleanup Account. The estimates presented in the table above were provided by the Comptroller of Public Accounts' Office.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

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