

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB3292 by Crownover (Relating to an increase in the fee for natural gas pipeline safety inspections.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3292, As Introduced: a positive impact of \$167,518 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	\$167,518
2012	\$167,518
2013	\$167,518
2014	\$167,518

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2010	(\$939,580)	\$939,580	(\$300,000)
2011	(\$772,062)	\$939,580	(\$300,000)
2012	(\$772,062)	\$939,580	(\$300,000)
2013	(\$772,062)	\$939,580	(\$300,000)
2014	(\$772,062)	\$939,580	(\$300,000)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	13.5
2011	13.5
2012	13.5
2013	13.5
2014	13.5

Fiscal Analysis

This bill would increase the cap on the annual pipeline safety inspection fee for natural gas distribution operators. The Railroad Commission currently collects a fee of 50 cents per natural gas service line from each of the distribution and municipal operators to fund the pipeline safety program, which is the statutory maximum under current law. The bill would effectively raise the cap to \$1.00 per service line.

Methodology

The annual pipeline safety fee currently generates approximately \$2.4 million per fiscal year in revenues to the General Revenue Fund. If the fee were doubled, which would be the maximum fee authorized by the bill, up to \$2.4 million in additional revenues could be generated.

This estimate assumes that the Railroad Commission would increase the fee only to the extent that would be necessary to operate the agency's Pipeline Safety program. Based on the agency's Legislative Appropriations Request for 2010-11, the Railroad Commission reports a larger than expected reporting volume in the Pipeline Safety program, this estimate assumes that the Railroad Commission would adopt a fee rate to accommodate 13.5 additional FTEs and related costs totaling \$939,580 in fiscal year 2010 and \$772,062 in subsequent fiscal years, including benefits. This would also result in the agency being able to draw down additional Federal Funds of approximately \$300,000 per fiscal year.

To generate the additional \$939,580 in General Revenue in fiscal year 2010, this estimate assumes that the Railroad Commission would increase the pipeline safety fee rate from \$.50 per service line to \$.70 per service line. This estimate does not assume that the commission would lower the fee in fiscal year 2011 even though there is a decrease of \$167,518 in costs in the subsequent years.

Local Government Impact

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

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

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