

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 16, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB1823 by Seliger (Relating to the state's statutory and contractual liens to secure the payment of unpaid royalty and other amounts due under oil and gas leases of state land.),
Committee Report 1st House, Substituted

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would contractually obligate a lessee to grant to the state a lien on and security interest in all oil and gas in and extracted from the area covered by the lease, all proceeds which may accrue to the lessee from the sale of the oil and gas extracted from the area covered by the lease or from the area covered by any other lease of state land or minerals held by the lessee. The bill would provide that the Land Commissioner would determine whether to foreclose a lien by securing payment of royalties and damages suffered by the state, and the Land Commissioner would determine the amount of the lien based on a final audit billing notice. The General Land Office reports that the bill would enhance the agency's ability to collect revenues due to the state that might otherwise be non-collectible under existing statute. This estimate does not assume that the amount of additional revenue that might be collected upon passage of the bill would be significant to the state.

Local Government Impact

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

Source Agencies: 305 General Land Office and Veterans' Land Board

LBB Staff: JOB, SZ, TL, SD