

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 30, 2009

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

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

IN RE: SB2170 by Seliger (Relating to the amount and use of certain fees imposed in connection with oil and gas activities.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2170, Committee Report 1st House, Substituted: 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 Revenue Gain/(Loss) from <i>Oil-field Cleanup Acct</i> 145	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated--Oil and Gas Regulatory and Development Fund</i>
2010	(\$7,961,000)	\$4,676,000
2011	(\$8,791,000)	\$5,523,000
2012	(\$9,405,000)	\$6,153,000
2013	(\$10,057,000)	\$6,822,000
2014	(\$10,726,000)	\$7,507,000

Fiscal Analysis

The bill would reduce the Oil Cleanup Regulatory Fee for oil production 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 deposit one half of the Oil Field Cleanup Regulatory Fee to the General Revenue-Dedicated Oil Field Cleanup Account No. 145, with the other half being deposited to a new General Revenue-Dedicated Account: the Oil and Gas Regulatory and Development Fund. Funds in the Oil and Gas Regulatory and Development Fund would be used by the Railroad Commission for activities related to the regulation and development of oil and natural gas.

Methodology

The bill's passage would result in a loss in the current revenue stream from the Oil Field Cleanup Regulatory Fee deposited to the Oil Field Cleanup Account No. 145. It would also result in a gain to the newly-created Oil and Gas Regulatory and Development Fund. The revenue gain/loss estimates presented in the table above were provided by the Comptroller of Public Accounts' Office.

This estimate assumes that appropriations to the Railroad Commission would be adjusted upon passage of the legislation, with the entire revenue stream for the newly-created Oil and Gas Regulatory and Development Fund being appropriated to the agency to cover costs relating to oil and gas resource development that are currently paid out of the Oil Field Cleanup Account No. 145. Likewise, this estimate assumes that General Revenue appropriations to the agency would have to be increased to cover the difference between the loss in the Oil Field Cleanup Account No. 145 and the gain to the Oil and Gas Regulatory Fund (net loss in revenues to the Oil Field Cleanup Regulatory Fee), which would equal approximately \$3.3 million per fiscal year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 347 Public Finance Authority, 352 Bond Review Board

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