

## **BILL ANALYSIS**

S.B. 1294  
By: Hegar  
Energy Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties observe that, currently, the Railroad Commission of Texas is authorized to assess a civil penalty for violations of state law governing oil and gas that pertain to safety or the prevention or control of pollution. Those parties contend that the commission needs the authority to assess an administrative penalty for all violations of state law governing oil and gas. In response, S.B. 1294 proposes revisions to the law relating to the imposition of administrative penalties by the Railroad Commission of Texas.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 1 of this bill.

### **ANALYSIS**

S.B. 1294 amends the Natural Resources Code to authorize the Railroad Commission of Texas to assess an administrative penalty if a person violates state law governing oil and gas, or a rule, order, license, permit, or certificate issued under that law, and removes language limiting the commission's authority to assess a civil penalty to a violation of state law governing oil and gas that pertains to safety or the prevention or control of pollution. The bill prohibits the administrative penalty from exceeding \$25,000 per day for each violation and removes language limiting the amount of the civil penalty to \$10,000 per day for each violation. The bill requires the commission by rule to adopt guidelines to be used in the determining the amount of the administrative penalty and removes language requiring the commission by rule to adopt guidelines to be used in determining the amount of the civil penalty for a violation of state law governing oil and gas or a rule, order, license, permit, or certificate that relates to pipeline safety. The bill requires the commission, in determining the amount of the administrative penalty, to consider the adopted guidelines and removes the requirement for the commission, in considering the amount of the civil penalty, to consider the permittee's history of previous violations, the seriousness of the violation, any hazard to the health or safety of the public, and the demonstrated good faith of the person charged.

S.B. 1294 makes a conforming change by increasing from \$1,000 to \$25,000 the maximum administrative penalty that the commission is authorized to impose on a person for a violation in connection with false applications, reports, and documents and tampering with gauges.

S.B. 1294 makes conforming and nonsubstantive changes.

### **EFFECTIVE DATE**

September 1, 2011.