

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 15, 2011

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

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

IN RE: HB1556 by Burnam (Relating to a prohibition on the issuance of a drilling permit for an oil or gas well that is proposed to be located within a specified distance of a public school.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would prohibit the Railroad Commission from issuing a drilling permit for an oil or gas well that is proposed to be located less than 1,200 feet from a public school. The change would apply only to a drilling permit the application for which is filed with the Commission on or after September 1, 2011.

Although the Railroad Commission could incur some costs in determining the location of public schools and check every drilling permit application to determine the distance of the proposed well location to public schools in the area, and the agency reports it could result in the need for as much as the resources of one full-time staff person, this estimate assumes that the additional costs could be absorbed using existing agency resources.

There could be some loss of future state revenues based on oil and gas production, such as severance tax collections, if the bill would have the effect of limiting the number of wells that could be put into production in the future. That loss in revenue would depend on the number of wells that would otherwise be located within 1,200 feet of public schools. This estimate does not assume that such a potential loss would be significant to overall severance tax revenues.

Local Government Impact

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

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

LBB Staff: JOB, SZ, SD, TL