

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

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

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

IN RE: HB2259 by Aliseda (Relating to a drilling permit road fee for county repair and maintenance of public roads.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2259, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated-Public and State Roads Maintenance and Repair Account</i>	Probable Savings/ (Cost) from <i>New General Revenue Dedicated-Public and State Roads Maintenance and Repair Account</i>	Probable Revenue Gain/(Loss) from <i>State Highway Fund 6</i>	Probable Savings/ (Cost) from <i>State Highway Fund 6</i>
2012	\$5,593,000	(\$5,593,000)	\$4,194,750	(\$4,194,750)
2013	\$5,795,000	(\$5,795,000)	\$4,346,250	(\$4,346,250)
2014	\$6,005,000	(\$6,005,000)	\$4,503,750	(\$4,503,750)
2015	\$6,222,000	(\$6,222,000)	\$4,666,500	(\$4,666,500)
2016	\$6,415,000	(\$6,415,000)	\$4,811,250	(\$4,811,250)

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Savings/ (Cost) from <i>Counties</i>
2012	\$1,398,250	(\$1,398,250)
2013	\$1,448,750	(\$1,448,750)
2014	\$1,501,250	(\$1,501,250)
2015	\$1,555,500	(\$1,555,500)
2016	\$1,603,750	(\$1,603,750)

Fiscal Analysis

The bill would require that with each application or materially amended application filed with the Railroad Commission for a permit to drill, deepen, plug back, or reenter a well, the applicant would be required to submit to the Railroad Commission a nonrefundable road fee of:

\$75 if the total depth of the well is 2,000 feet or less;

--\$100 if the total depth of the well is greater than 2,000 feet but less than or equal to 4,000 feet;

--\$150 if the total depth of the well is greater than 4,000 feet but less than or equal to 9,000 feet; and

--\$200 if the total depth of the well is greater than 9,000 feet.

The bill would require that an applicant must submit an additional nonrefundable road fee of \$150 to the Railroad Commission when requesting that the Commission expedite the application for a permit to drill, deepen, plug back, or reenter a well. Fees collected under this provision would be remitted to the Comptroller for deposit in the public and state roads maintenance and repair account.

The bill would establish the new Public and State Roads Maintenance and Repair Account in the General Revenue Fund, which would consist of drilling permit road fees. The bill would require the Comptroller, on a quarterly basis, to distribute money in the Public and State Roads Maintenance and Repair Account to each county in an amount equal to the amount of road fees collected for permits to drill in that county.

The bill would provide that counties use the money received from the account only to repair and maintain public roads, including by contracting with the Texas Transportation Commission, for the county to undertake improvements to the state highway system; or reimbursing the Texas Department of Transportation for maintenance or repairs. The bill also would require a county to use 75 percent of money received from the Public and State Roads Maintenance and Repair Account for the repair and maintenance of public roads that are part of the state highway system and 25 percent of the money for the repair and maintenance of public roads that are not part of the state highway system. Counties would be required to maintain a record that accurately identifies the receipt and expenditure of all money received from the account, and they would be required to reimburse the Department of Transportation (TxDOT) on a quarterly basis for the Department of Transportation's repair and maintenance of the state highway system in the county, if TxDOT submitted a request for reimbursement and invoices for work performed. TxDOT would be required to deposit reimbursements received from a county from the Public and State Roads Maintenance and Repair Account into the State Highway Fund No.006.

Methodology

Revenue shown to the new General Revenue-Dedicated Public and State Roads Maintenance and Repair Account was provided by the Comptroller of Public Accounts and is based on Railroad Commission historical permits and their associated depths.

This estimate assumes that 75 percent of such revenues would be spent by counties on state highway system projects under contract with TxDOT, and that TxDOT would pay costs out of the State Highway Fund No. 6, with counties reimbursing TxDOT in an equal amount, which is shown as revenue back to the State Highway Fund No. 6 each fiscal year. The remaining 25 percent of funds would be spent by counties on non-state highway system roads.

Costs of the Railroad Commission, Comptroller, and TxDOT in implementing the bill are not expected to be significant and are expected to be absorbed using existing agency resources.

Local Government Impact

The bill would require the Comptroller to distribute funds from the account to counties based on the amount of road fees collected on drilling permits.

The bill would generate new revenues for counties that would vary by locality depending on the amount of road fees collected. Counties would share in the estimated \$5.6 million to \$6.4 million in revenue to be generated annually as a result of the bill's passage, with 75 percent of such funds being spent on state highway system roads and 25 percent being spent on non-state highway system roads.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission, 601 Department of Transportation

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