LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

May 3, 2011

TO: Honorable Joe Deshotel, Chair, House Committee on Business & Industry

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

IN RE: **HB2611** by Guillen (Relating to claims for and distribution of unclaimed land grant mineral proceeds.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would define an "unclaimed land grant mineral proceed" and provide for the distribution of such funds under Property Code, Chapter 75, Subchapter C. The Comptroller would be required to deposit unclaimed land grant mineral proceeds within the first 90 days after the end of a fiscal year to the credit of the Unclaimed Land Grant Mineral Proceeds Revenue (ULGMPR)Account, a General Revenue-Dedicated Account.

The bill would authorize third-party data providers to determine the net mineral estate of each original land grant and, using Railroad Commission records, determine the total amount of mineral production for each original land grant having a net mineral estate from Janauary 1, 1985 until the date of determination is made then multiply the net mineral estate by the total amount of production. The product would be used to determine the percentage that each original land grant constitutes of the whole of the original land grants. Claimants would be authrized to submit claims to the Comptroller for payments out of the ULGMPR Account. Expenses of the Comptroller in implementing the provisions of the bill could only be paid from the ULGMPR Account.

According to the Comptroller's Office, oil and gas companies have never reported any unclaimed mineral proceeds from an original land grant. Therefore, this estimate assumes that any revenues and payment from unclaimed mineral proceeds would not be significant. However, this estimate assumes that if any such funds were identified as existing, such amounts would be transferred out of the General Revenue Fund into the new General Revenue-Dedicated ULGMPR Account.

Administrative costs to the Railroad Commission and the Comptroller's Office resulting from the bill's passage are not expected to be significant. Althought the Attorney General's Office reports that the bill would create a new class of citizens with cause of action against oil and gas producers, thereby increasing the agency's workload due to an expected increase in financial litigation cases, this estimate assumes that such costs to the Attorney General's Office could be absorbed using existing agency resources.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 302 Office of the Attorney General

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