

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 27, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2611, As Introduced: a negative impact of (\$999,756) 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	(\$892,320)
2013	(\$107,436)
2014	(\$107,436)
2015	(\$107,436)
2016	(\$107,436)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$892,320)	10.0
2013	(\$107,436)	1.0
2014	(\$107,436)	1.0
2015	(\$107,436)	1.0
2016	(\$107,436)	1.0

Fiscal Analysis

The bill would require the Railroad Commission to determine the extent of mineral estate of each original land grant as defined by the bill and provide a report to the Comptroller by January 1, 2012. In determining the mineral estates, the Railroad Commission would use information from: Commission records submitted by a land surveyor registered, licensed, or certified; Commission archives and records; General Land Office records; and any other information that the Commission by rule would require or approve.

Persons would be authorized to submit a claim for their net mineral estate against unclaimed land grant mineral proceeds held by the Comptroller by filing a form with the Comptroller. The bill would require the Comptroller's Office to notify affected persons, as defined by Railroad Commission rule, and to deposit any unclaimed land grant mineral proceeds into a new General Revenue-Dedicated

Unclaimed Land Grant Mineral Proceeds Account. The Comptroller would be required to approve compliant claims.

Methodology

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

Because the bill would require the Railroad Commission to determine and report on the extent of the mineral estate of each original land grant, this estimate assumes that the Railroad Commission would be required to do extensive research in advance of the January 1, 2012 report deadline. The Railroad Commission reports that there are over 653,000 records of original land conveyances in the General Land Office's database representing several million acres, and that determining whether or not an original land grant is abandoned (unclaimed) would require that the agency research each grant. Assuming that 200 of 364 original land grants still belong to the direct descendants of the original land grantees, this estimate assumes that the Railroad Commission would only do the research necessary to determine the extent of the mineral estate of these 200 original land grants.

Because the bill would require the Railroad Commission's report to be produced four months upon enactment of the bill, it is estimated that the agency would need to allocate staff time equal to 10.0 annual FTEs in fiscal year 2012 to research the land claims. In subsequent years, it is estimated that 1.0 FTE would be needed for hearing and other claims related work. Costs to the Railroad Commission are estimated at \$892,320 in fiscal year 2012 and \$107,436 in future years, and this estimate assumes these costs would be paid out of the General Revenue Fund.

No administrative costs to the Comptroller's Office or the General Land Office are expected as a result of the bill's enactment.

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

LBB Staff: JOB, AG, ZS, TL