

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 13, 2011

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

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

IN RE: HB3212 by Burnam (Relating to the imposition of a fee on oil and gas waste disposed of by injection in a commercial injection well permitted by the Railroad Commission of Texas.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3212, 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 from <i>Oil-field Cleanup Acct</i> 145
2012	\$4,952,000
2013	\$5,385,000
2014	\$5,605,000
2015	\$5,954,000
2016	\$6,324,000

Fiscal Analysis

The bill would defines a "commercial injection well" as an injection well the business purpose of which includes providing to the public, for compensation, disposal of oil and gas waste by injection. The bill would impose an oil-field cleanup regulatory fee on oil and gas waste disposed of by injection in a commercial injection well permitted by the Railroad Commission in the amount of one cent (\$0.01) for each barrel of 42 standard gallons.

The bill would require the Comptroller to collect the fee, adopt a rule that prescribes the manner in which the fee is administered, collected, and enforced, and deposit the proceeds from the fee, including any penalties collected in connection with the fee, to the credit of the General Revenue-Dedicated Oil Field Cleanup Account No. 145.

Methodology

The Comptroller provided the revenue estimates listed in the table above based on data from the Railroad Commission regarding the barrels of produced water and other oil and gas waste disposed of in commercial injection wells in Texas. It is estimated that there would be a gain to the Oil-field Cleanup Account No. 145 of approximately \$5.0 million per fiscal year in fiscal year 2012 increasing to \$6.3 million per fiscal year by 2016 as a result of the bill's passage.

The Comptroller's office reports that passage of the bill would require the agency to make program changes to the agency's existing crude oil/natural gas tax system due to the creation of the new fee. In addition, the Comptroller's office would have to complete form updates, publication revisions and incur printing costs for notification of taxpayers via mail.

Any costs to the Railroad Commission and Comptroller in implementing the provisions of the bill are expected to 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, 455 Railroad Commission

LBB Staff: JOB, SZ, ZS, TL