

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 9, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3598** by Burnam (Relating to the amounts of the administrative penalties for violating certain statutes under the jurisdiction of, rules or orders adopted by, or licenses, permits, or certificates issued by the Railroad Commission of Texas.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would increase the civil penalty maximum amount from \$10,000 a day to \$25,000 a day for each violation of Natural Resources Code, Title 3 (Oil and Gas) pertaining to safety or the prevention or control of pollution or the provisions of a rule, order, license, permit, or certificate which pertains to safety or the prevention or control of pollution. The Railroad Commission would be required to consider any economic benefit gained through the violation and the penalty necessary to deter future violations in its penalty guidelines.

The bill would also increase the administrative penalty maximum from \$5,000 a day to \$25,000 a day against a purchaser, transporter, gatherer, shipper, or seller of natural gas, or any other entity under the Railroad Commission's jurisdiction under that the Commission determines has violated a Commission rule adopting standards or a code of conduct for entities in the natural gas industry prohibiting unlawful discrimination, or unreasonably discriminated against a seller of natural gas in the purchase of natural gas from the seller.

The bill would take effect on September 1, 2013.

Although passage of the bill could result in increased revenues to the state because it would increase the maximum penalties for certain violations, this analysis assumes that the additional revenue would not be significant, as the increased penalty maximums would likely serve as effective deterrents to future violations.

**Local Government Impact**

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

**Source Agencies:** 455 Railroad Commission

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