

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 17, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3599 by Burnam (Relating to restrictions on the siting, drilling, completion, and operation of oil and gas wells in certain locations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3599, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Clean Air Account</i> 151	Probable Savings/(Cost) from <i>Oil & Gas Regulation</i> 5155
2014	(\$357,994)	(\$1,649,672)
2015	(\$253,893)	(\$1,296,872)
2016	(\$253,893)	(\$1,296,872)
2017	(\$253,893)	(\$1,296,872)
2018	(\$253,893)	(\$1,296,872)

Fiscal Year	Change in Number of State Employees from FY 2013
2014	22.0
2015	22.0
2016	22.0
2017	22.0
2018	22.0

Fiscal Analysis

The bill would require the Railroad Commission to adopt rules relating to oil and gas wells drilled within 100 feet of an occupied building. The bill also would require the Railroad Commission and the Texas Commission on Environmental Quality (TCEQ) to jointly adopt rules that provide for required buffers/setbacks for such wells; public notice, outreach, and hearing requirements; closed loop drilling system standards; liner standards; provisions for capturing gases emitted during well drilling, completion, and operation; and measures to limit noise, dust, and light emitted during well drilling, completion, and operation.

The bill would take effect September 1, 2013.

Methodology

It is estimated that the Railroad Commission would require an additional 18 FTEs to implement the provisions of the bill, or 2.0 additional inspectors in each of the agency's nine district offices to ensure enforcement of the rules required by the bill. This would result in estimated annual FTE-related costs of \$1,296,872, including Toughbook computer leasing costs of \$35,820. In addition, each of the new inspectors would require a half-ton pick up at a cost of \$352,800 in fiscal year 2014 only. This analysis assumes Railroad Commission costs would be paid out of the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155.

It is estimated that the TCEQ would require an additional 4.0 FTEs (environmental investigators) in regional offices across the state to establish protocols and standards, investigate light and noise complaints as well as "capture gases", and determine compliance with requirements for any new protocols or standards developed. FTE-related costs are estimated at \$253,893 annually. The TCEQ would also need to purchase additional equipment to monitor and measure light and noise complaints and determine compliance with new standards, including vehicles. Startup costs in 2014 only would total \$104,101. This analysis assumes that TCEQ's costs would be paid out of the General Revenue-Dedicated Clean Air Account No. 151, since the agency's responsibilities would mainly be concerned with air emissions-related standards.

Technology

Leasing costs for computers for field staff of \$35,820 per fiscal year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality

LBB Staff: UP, SZ, ZS, TL