

SENATE AMENDMENTS

2nd Printing

By: Crownover

H.B. No. 3309

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the composition and use of money in the oil and gas
3 regulation and cleanup fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 81.067(c), Natural Resources Code, is
6 amended to read as follows:

7 (c) The fund consists of:

8 (1) proceeds from bonds and other financial security
9 required by this chapter and benefits under well-specific plugging
10 insurance policies described by Section 91.104(c) that are paid to
11 the state as contingent beneficiary of the policies, subject to the
12 refund provisions of Section 91.1091, if applicable;

13 (2) private contributions, including contributions
14 made under Section 89.084;

15 (3) expenses collected under Section 89.083;

16 (4) fees imposed under Section 85.2021;

17 (5) costs recovered under Section 91.457 or 91.459;

18 (6) proceeds collected under Sections 89.085 and
19 91.115;

20 (7) interest earned on the funds deposited in the
21 fund;

22 (8) oil and gas waste hauler permit application fees
23 collected under Section 29.015, Water Code;

24 (9) costs recovered under Section 91.113(f);

- 1 (10) hazardous oil and gas waste generation fees
2 collected under Section 91.605;
- 3 (11) oil-field cleanup regulatory fees on oil
4 collected under Section 81.116;
- 5 (12) oil-field cleanup regulatory fees on gas
6 collected under Section 81.117;
- 7 (13) fees for a reissued certificate collected under
8 Section 91.707;
- 9 (14) fees collected under Section 91.1013;
- 10 (15) fees collected under Section 89.088;
- 11 (16) fees collected under Section 91.142;
- 12 (17) fees collected under Section 91.654;
- 13 (18) costs recovered under Sections 91.656 and 91.657;
- 14 (19) two-thirds of the fees collected under Section
15 81.0521;
- 16 (20) fees collected under Sections 89.024 and 89.026;
- 17 (21) legislative appropriations; ~~and~~
- 18 (22) any surcharges collected under Section 81.070;
19 and
- 20 (23) fees collected under Section 91.0115.

21 SECTION 2. Section 81.068, Natural Resources Code, is
22 amended to read as follows:

23 Sec. 81.068. PURPOSE OF OIL AND GAS REGULATION AND CLEANUP
24 FUND. Money in the oil and gas regulation and cleanup fund may be
25 used by the commission or its employees or agents for any purpose
26 related to the regulation of oil and gas development, including oil
27 and gas monitoring and inspections, oil and gas remediation, oil

1 and gas well plugging, public information and services related to
2 those activities, the study and evaluation of electronic access to
3 geologic data and surface casing depths necessary to protect usable
4 groundwater in this state, and administrative costs and state
5 benefits for personnel involved in those activities.

6 SECTION 3. Section 91.0115, Natural Resources Code, is
7 amended by amending Subsection (c) and adding Subsection (d) to
8 read as follows:

9 (c) The commission shall charge a fee not to exceed \$75, in
10 addition to the fee required by Subsection (b), for processing a
11 request to expedite a letter of determination. [~~Money collected~~
12 ~~under this subsection may be used to study and evaluate electronic~~
13 ~~access to geologic data and surface casing depths under Section~~
14 ~~91.020.~~]

15 (d) The fees collected under this section shall be deposited
16 in the oil and gas regulation and cleanup fund.

17 SECTION 4. This Act takes effect September 1, 2013.

ADOPTED

JULY 21 2013

Patricia J. ...
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: _____

[Signature]

1 Amend H.B. No. 3309 (senate committee printing) as follows:

2 (1) On page 1, line 24, strike "Section 81.067(c), Natural
3 Resources Code, is" and substitute "Sections 81.067(b) and (c),
4 Natural Resources Code, are".

5 (2) On page 1, between lines 25 and 26, insert the
6 following:

7 (b) The commission shall certify to the comptroller the date
8 on which the balance in the fund equals or exceeds \$30 [~~\$20~~]
9 million. The oil-field cleanup regulatory fees on oil and gas
10 shall not be collected or required to be paid on or after the first
11 day of the second month following the certification, except that
12 the comptroller shall resume collecting the fees on receipt of a
13 commission certification that the fund has fallen below \$25 [~~\$10~~]
14 million. The comptroller shall continue collecting the fees until
15 collections are again suspended in the manner provided by this
16 subsection.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 22, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3309 by Crossover (Relating to the composition and use of money in the oil and gas regulation and cleanup fund.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3309, As Passed 2nd House: a negative impact of (\$927,234) 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	(\$463,617)
2015	(\$463,617)
2016	(\$463,617)
2017	(\$463,617)
2018	(\$463,617)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i>	Probable Revenue Gain/(Loss) from <i>Oil & Gas Regulation</i>	Probable Savings/(Cost) from <i>Oil & Gas Regulation</i>
	1	1	5155	5155
2014	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
2015	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
2016	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
2017	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
2018	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)

Fiscal Analysis

The bill would provide that fees collected under Natural Resources Code, § 91.0115, for surface casing determination (groundwater protection) letters fees be deposited to the General Revenue-Dedicated Oil and Gas Regulation and Cleanup (OGRC) Account No. 5155.

The bill would also increase the fund balance ceiling on the OGRC Account No. 5155, or the balance of the account at which fees deposited to the account are suspended, from \$20 million to \$30 million, and the bill would increase the fund balance limit at which the fees are reinstated from \$10 million to \$25 million.

The bill would take effect on September 1, 2013.

Methodology

Currently, funds collected for surface casing letters of determination are deposited into General Revenue and then a portion of those funds are appropriated to the Railroad Commission as part of the agency's General Revenue funding. The agency reports collections of \$1,441,882 in fiscal year 2012 from the expedited fee for surface casing letters of determination, and a General Revenue appropriation for the purpose of making surface casing determinations of \$784,740 for the same year.

According to the Comptroller of Public Accounts, upon passage of the bill, revenue to the General Revenue Fund would decrease by an estimated \$1.4 million per fiscal year. Assuming fiscal year 2012 appropriation levels for the surface casing program will continue through fiscal year 2018, and assuming that amounts associated with employee benefits for surface casing FTEs currently paid out of General Revenue (estimated to be \$161,643) would shift to the OGRC Account No. 5155 upon passage of the bill, it is estimated that costs out of the General Revenue Fund would decrease by \$0.9 million per fiscal year. Likewise, revenues to the Oil and Gas Regulation and Cleanup Account No. 5155 would increase by \$1.4 million, while costs to the account would increase by \$0.9 million per fiscal year.

This estimate does not assume that increasing the cap on the OGRC Account No. 5155 and/or increasing the fund balance limit at which fees are reinstated would result in a significant fiscal impact. This estimate assumes that the unencumbered fund balance would not exceed the ceiling under current law.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: UP, SZ, ZS, TL

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 13, 2013

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3309 by Crossover (Relating to the composition and use of money in the oil and gas regulation and cleanup fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3309, As Engrossed: a negative impact of (\$927,234) through the biennium ending August 31, 2015.

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	1	1	5155	5155
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Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: UP, SZ, ZS, TL

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 2, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3309 by Crossover (Relating to the composition and use of money in the oil and gas regulation and cleanup fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3309, As Introduced: a negative impact of (\$927,234) 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.

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2017	(\$463,617)
2018	(\$463,617)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Oil & Gas Regulation 5155	Probable Savings/(Cost) from Oil & Gas Regulation 5155
2014	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
2015	(\$1,400,000)	\$936,383	\$1,400,000	(\$936,838)
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