

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 24, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB40** by Darby (Relating to the exclusive jurisdiction of this state to regulate oil and gas operations in this state and the express preemption of local regulation of those operations.), **As Engrossed**

Depending upon the number of political subdivisions that could be affected by a ban on oil and gas regulation, there could be an indeterminate fiscal impact to the state.

The bill would amend the Natural Resources Code to specify oil and gas operation is exclusive jurisdiction of the state and a political subdivision may not enact or enforce an ordinance that bans, limits or regulates oil and gas operation. The bill would permit a municipality to enact, amend, or enforce certain ordinances or measures that meet criteria set forth under the provisions of the bill. Under the provisions of the bill, an ordinance is considered to be commercially reasonable if the ordinance has been in effect for at least five years and has allowed the oil and gas operations to continue during that period.

Local Government Impact

There could be an impact on local entities that have regulations in place that do not meet the criteria put forth in the provisions of the bill.

Texas Municipal League reported no significant impact on municipalities is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: UP, SZ, SD, EK