

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2521 by Coleman (relating to the allocation and use of payments received under oil and gas leases of land owned by the state for a county road.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2521, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	(\$5,217,000)
2019	(\$4,423,000)
2020	(\$3,661,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Counties</i>
2016	\$0	\$0
2017	\$0	\$0
2018	(\$5,217,000)	\$5,217,000
2019	(\$4,423,000)	\$4,423,000
2020	(\$3,661,000)	\$3,661,000

Fiscal Analysis

The bill would amend Chapter 32 of the Natural Resources Code to deposit payments received from leases of the state's oil and natural gas mineral interests from land under county roads to the new state county road oil and gas fund, as created by this bill. Future payments from leases

entered into on or after September 1, 2017 for land subject to the bill would be paid directly to the counties for deposit to their county road and bridge funds. A lessee's obligation to a county would be limited to making those payments. Counties would not be allowed to pursue remedies nor assert a right granted by those leases.

The county road oil and gas fund would be a state trust fund outside the state treasury held and administered by the Comptroller as trustee. Interest or income from investment of the fund would be deposited to the fund. The General Land Office would deposit lease payments to the fund. The Comptroller would disburse money in the fund at least twice each fiscal year, without appropriation, to the appropriate county for deposit to the county's road and bridge fund. Money deposited to the county road oil and gas fund would be used only for road maintenance purposes.

The bill would repeal Section 52.025 of the Natural Resources Code regarding the disposition of lease payments from unsurveyed school land and other areas.

This bill would take effect September 1, 2017.

Methodology

Based on historical information obtained from the General Land Office, the four-year average of oil and natural gas revenues derived from the county highway right-of-way was adjusted to the oil and gas price forecast in the *2016-17 Biennial Revenue Estimate* and the expected decline of oil and natural gas production.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

Counties would receive money deposited to the county road oil and gas fund that would be used only for road maintenance purposes.

Source Agencies: 304 Comptroller of Public Accounts

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