

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 23, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1165 by Fraser (Relating to the express preemption of regulation of oil and gas operations and the exclusive jurisdiction of those operations by the state.), **As Introduced**

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 the authority of a political subdivision to regulate oil and gas is preempted, except that a municipality may regulate surface activity of oil and gas production. The bill would prohibit a political subdivision from enacting an ordinance or revising an existing ordinance to ban, limit, or otherwise regulate oil and gas operation within its boundaries or extraterritorial jurisdiction.

Local Government Impact

The bill would have an impact on local entities that already have regulations in place.

According to the Texas Municipal League, the bill would have a significant fiscal impact on a city that has regulations in place. The bill would have an impact on distance regulations established by municipalities. This impact could cause close proximity of oil and gas wells to homes and other structures, resulting in lower property values and lower local property tax revenues.

Source Agencies: 455 Railroad Commission

LBB Staff: UP, SZ, SD, EK