

SENATE AMENDMENTS

2nd Printing

By: Coleman, Cyrier, Schubert, Morrison,
Cook, et al.

H.B. No. 2521

A BILL TO BE ENTITLED

AN ACT

relating to transferring from the state to a county the revenue derived from oil and gas leases of land owned by the county to be used by the county for road maintenance purposes.

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

SECTION 1. Section 52.025, Natural Resources Code, is amended to read as follows:

Sec. 52.025. DISPOSITION OF LEASE PAYMENTS. (a) Except as provided by Subsection (b), the ~~[The]~~ comptroller shall credit the permanent school fund with amounts received from unsurveyed school land and with two-thirds of the amount received from other areas and shall credit the General Revenue Fund with the remaining one-third of the payments for the other areas.

(b) To the extent permissible under the Texas Constitution, the comptroller shall remit to a county the amount received from land owned in fee simple by the county. Money remitted to a county under this section shall be deposited to the credit of the county road and bridge fund of the county and may be used by the county only for road maintenance purposes.

SECTION 2. This Act takes effect September 1, 2015.

ADOPTED

MAY 24 2015

Letty Shaw
Secretary of the Senate

H.B. No. 2521

By: Coleman

Substitute the following for H.B. No. 2521:

By: [Signature]

C.S. H.B. No. 2521

A BILL TO BE ENTITLED

AN ACT

relating to the allocation and use of payments received under oil and gas leases of land owned by the state for a county road.

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

SECTION 1. The heading to Section 32.201, Natural Resources Code, is amended to read as follows:

Sec. 32.201. PREFERENTIAL RIGHT TO LEASE CERTAIN LAND BY ADJOINING MINERAL OWNER; ALLOCATION AND USE OF PAYMENTS RECEIVED FROM LEASING OF LAND OWNED FOR COUNTY ROAD.

SECTION 2. Section 32.201, Natural Resources Code, is amended by adding Subsections (i) and (j) to read as follows:

(i) Subject to Subsection (j), any payment received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road shall be deposited to the credit of the county road oil and gas fund as provided by Section 32.2015.

(j) Notwithstanding any other provision of law, a lease of oil and gas under land described by Subsection (i) that is entered into on or after September 1, 2017, must require any payment under the lease to be made directly to the county treasurer, or officer performing the function of that office, in the county in which the land is located, as determined by the commissioner and described in the lease, for deposit to the credit of the county road and bridge fund of the county to be used for the purposes described by Section

32.2015(d). A lessee's obligation to make a payment under this subsection is satisfied by making that payment to the county described in the lease. This subsection does not create a cause of action for a county to pursue remedies under a lease described by this subsection, and a county is not considered to be a party to such a lease for the purpose of asserting a right granted by the lease or under this subsection.

SECTION 3. Subchapter F, Chapter 32, Natural Resources Code, is amended by adding Section 32.2015 to read as follows:

Sec. 32.2015. FUND. (a) The county road oil and gas fund is a trust fund outside the state treasury to be held and administered by the comptroller as trustee for the payment, without appropriation, to counties of money received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(b) The land office shall deposit to the credit of the fund money received under Section 32.201(i) from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(c) Interest or other income from investment of the fund shall be deposited to the credit of the fund.

(d) Money in the fund received from the leasing of oil and gas under lands described by Subsection (b) located in a county, together with the interest or other income from investment of that money deposited to the credit of the fund, shall be disbursed at least twice each fiscal year, without appropriation, to the county treasurer or officer performing the function of that office. The

1 county treasurer or officer shall deposit amounts received under
2 this subsection to the credit of the county road and bridge fund of
3 the county. Money deposited to the credit of that fund under this
4 subsection may be used by the county only for road maintenance
5 purposes.

6 SECTION 4. Section 52.025, Natural Resources Code, is
7 repealed.

8 SECTION 5. This Act takes effect September 1, 2017.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 25, 2015

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

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.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2521, As Passed 2nd House: 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 General Revenue Fund 1	Probable Revenue Gain from Counties
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

LBB Staff: UP, SD, KK

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 General Revenue Fund 1	Probable Revenue Gain from Counties
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

LBB Staff: UP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 8, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2521 by Coleman (Relating to transferring from the state to a county the revenue derived from oil and gas leases of land owned by the county to be used by the county for road maintenance purposes.), **As Engrossed**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 701 Central Education Agency

LBB Staff: UP, KK, KVe, EP, LCO, SD, TB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 5, 2015

TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2521 by Coleman (Relating to transferring from the state to a county the revenue derived from oil and gas leases of land owned by the county to be used by the county for road maintenance purposes.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 701 Central Education Agency

LBB Staff: UP, KVe, EP, LCO, SD, TB