

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 129
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Natural Resources & Economic Development
5/17/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under Subchapter L, Chapter 91, Natural Resources Code, a payor who sends payments to a royalty owner under an oil and gas lease is required to include detailed information relating to the production of oil and gas from the lease on each check stub, attachment to the payment form, or remittance advice. An exception to this requirement allows payors to require this information "in some other manner on a monthly basis."

Using the "some other manner" exemption, some payors have begun referring royalty owners to websites where the required information can be accessed digitally. This has raised concern among royalty owners who do not wish their information to be stored online due to security concerns, as well as for royalty owners who are not comfortable using computers or who lack Internet access.

This bill provides that, if payment is made using a paper check delivered by mail or a private delivery service, the payor may not provide the required information in any manner other than by including it on a check stub, attachment to the payment form, or remittance advice without the consent of the royalty owner. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 129 amends current law relating to the manner in which a payor of proceeds derived from the sale of oil or gas production is required to provide certain information to a royalty interest owner.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 91.501 and 91.506. Natural Resources Code, as follows:

Sec. 91.501. INFORMATION REQUIRED. Requires the payor, if payment is made to a royalty interest owner from the proceeds derived from the sale of oil or gas production pursuant to a division order, lease, servitude, or other agreement, to include the information required by Section 91.502 (Types of Information Provided) on the check stub, an attachment to the payment form, or another remittance advice that accompanies the payment, rather than another remittance advice.

Sec. 91.506. EXEMPTION. (a) Creates an exception under Subsection (b). Makes conforming and nonsubstantive changes.

(b) Prohibits the payor, if payment is made to the royalty interest owner by a paper check delivered by mail or by means of a private delivery service, from providing the information required by Section 91.502 in a manner other than by including the information on the check stub, an attachment to the payment form, or another remittance advice that accompanies the payment unless the payor obtains, or a previous payor has obtained, the consent of the royalty interest owner to provide the information in some other manner.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2017.