

BILL ANALYSIS

C.S.H.B. 2715
By: Darby
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that certain penalties and taxes collected by the Railroad Commission of Texas should be dedicated to the oil and gas regulation and cleanup fund. C.S.H.B. 2715 seeks to address this issue by providing for such dedication.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2715 amends the Natural Resources Code to change from the oil-field cleanup fund to the oil and gas regulation and cleanup fund the fund to which a penalty is deposited that is assessed by the Railroad Commission of Texas for the violation of an oil and gas provision pertaining to safety or the prevention or control of pollution or for the violation of a provision of a rule, order, license, permit, or certificate pertaining to safety or the prevention or control of pollution and that is issued under oil and gas provisions. The bill changes the alternative fuels programs for which money in the oil and gas regulation and cleanup fund may be used from alternative fuels programs under specified provisions to alternative fuels regulatory programs related to liquefied petroleum gas, compressed natural gas, and liquefied natural gas safety. The bill adds as purposes for the use of money in the fund the regulation of the rates and services of gas utilities and the administration of surface mining regulatory programs.

C.S.H.B. 2715 amends the Utilities Code to require a gas utility pipeline tax and related penalties and interest to be deposited to the credit of the oil and gas regulation and cleanup fund. The bill sets such requirement to expire September 1, 2029, and amends the Natural Resources Code, effective September 1, 2029, to conform to the expiration.

EFFECTIVE DATE

Except as otherwise provided, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2715 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 81.0531(e), Natural Resources Code, is amended.

SECTION 2. Section 81.058, Natural Resources Code, is amended by adding Subsection (g) to read as follows:

(g) An administrative penalty collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

SECTION 3. Section 81.067(c), Natural Resources Code, is amended to conform to the repeal of Section 81.112, Natural Resources Code, by Chapter 470 (S.B. 757), Acts of the 84th Legislature, Regular Session, 2015, and is further amended to read as follows:

- (c) The fund consists of:
- (1) proceeds from bonds and other financial security required by this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091, if applicable;
 - (2) private contributions, including contributions made under Section 89.084;
 - (3) expenses collected under Section 89.083;
 - (4) fees imposed under Section 85.2021;
 - (5) costs recovered under Section 91.457 or 91.459;
 - (6) proceeds collected under Sections 89.085 and 91.115;
 - (7) interest earned on the funds deposited in the fund;
 - (8) oil and gas waste hauler permit application fees collected under Section 29.015, Water Code;
 - (9) costs recovered under Section 91.113(f);
 - (10) hazardous oil and gas waste generation fees collected under Section 91.605;
 - (11) oil-field cleanup regulatory fees on oil collected under Section 81.116;
 - (12) oil-field cleanup regulatory fees on gas collected under Section 81.117;
 - (13) fees for a reissued certificate collected under Section 91.707;
 - (14) fees collected under Section 91.1013;
 - (15) fees collected under Section 89.088;

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

No equivalent provision.

SECTION 2. Section 81.067(c), Natural Resources Code, is amended to conform to the repeal of Section 81.112, Natural Resources Code, by Chapter 470 (S.B. 757), Acts of the 84th Legislature, Regular Session, 2015, and is further amended to read as follows:

- (c) The fund consists of:
- (1) proceeds from bonds and other financial security required by this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091, if applicable;
 - (2) private contributions, including contributions made under Section 89.084;
 - (3) expenses collected under Section 89.083;
 - (4) fees imposed under Section 85.2021;
 - (5) costs recovered under Section 91.457 or 91.459;
 - (6) proceeds collected under Sections 89.085 and 91.115;
 - (7) interest earned on the funds deposited in the fund;
 - (8) oil and gas waste hauler permit application fees collected under Section 29.015, Water Code;
 - (9) costs recovered under Section 91.113(f);
 - (10) hazardous oil and gas waste generation fees collected under Section 91.605;
 - (11) oil-field cleanup regulatory fees on oil collected under Section 81.116;
 - (12) oil-field cleanup regulatory fees on gas collected under Section 81.117;
 - (13) fees for a reissued certificate collected under Section 91.707;
 - (14) fees collected under Section 91.1013;
 - (15) fees collected under Section 89.088;

- (16) fees collected under Section 91.142;
- (17) fees collected under Section 91.654;
- (18) costs recovered under Sections 91.656 and 91.657;
- (19) fees collected under Section 81.0521;
- (20) fees collected under Sections 89.024 and 89.026;
- (21) legislative appropriations;
- (22) any surcharges collected under Section 81.070;
- (23) fees collected under Section 91.0115;
- (24) ~~[money deposited to the credit of the fund under Section 81.112;~~
- ~~[(25)]~~ fees collected under Subchapter E, Chapter 121, Utilities Code; ~~[and]~~
- (25) [(26)] fees collected under Section 27.0321, Water Code;
- (26) penalties collected under Section 81.0531 or 81.058;
- (27) penalties collected under Section 85.381, 85.385, or 85.3855;
- (28) administrative penalties collected under Section 91.143;
- (29) money received by the commission under Chapter 113;
- (30) money collected by the commission as fees or civil penalties under Chapter 116, except as provided by Section 116.014(a);
- (31) fees collected under Section 131.355;
- (32) fees collected under Section 134.054 or 134.055;
- (33) administrative penalties collected under Chapter 134;
- (34) administrative penalties collected under Subchapter E or G, Chapter 121, Utilities Code;
- (35) taxes collected under Chapter 122, Utilities Code; and
- (36) penalties and interest collected under Subchapter E, Chapter 122, Utilities Code.

No equivalent provision.

- (16) fees collected under Section 91.142;
- (17) fees collected under Section 91.654;
- (18) costs recovered under Sections 91.656 and 91.657;
- (19) fees collected under Section 81.0521;
- (20) fees collected under Sections 89.024 and 89.026;
- (21) legislative appropriations;
- (22) any surcharges collected under Section 81.070;
- (23) fees collected under Section 91.0115;
- (24) ~~[money deposited to the credit of the fund under Section 81.112;~~
- ~~[(25)]~~ fees collected under Subchapter E, Chapter 121, Utilities Code; ~~[and]~~
- (25) [(26)] fees collected under Section 27.0321, Water Code;
- (26) penalties collected under Section 81.0531;
- (27) taxes collected under Chapter 122, Utilities Code; and
- (28) penalties and interest collected under Subchapter E, Chapter 122, Utilities Code.

SECTION 3. Effective September 1, 2029, Section 81.067(c), Natural Resources Code, is amended to conform to the repeal of Section 81.112, Natural Resources Code, by Chapter 470 (S.B. 757), Acts of the 84th Legislature, Regular Session, 2015, and is further amended to read as follows:

- (c) The fund consists of:
 - (1) proceeds from bonds and other financial security required by this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent beneficiary of the policies,

subject to the refund provisions of Section 91.1091, if applicable;

- (2) private contributions, including contributions made under Section 89.084;
- (3) expenses collected under Section 89.083;
- (4) fees imposed under Section 85.2021;
- (5) costs recovered under Section 91.457 or 91.459;
- (6) proceeds collected under Sections 89.085 and 91.115;
- (7) interest earned on the funds deposited in the fund;
- (8) oil and gas waste hauler permit application fees collected under Section 29.015, Water Code;
- (9) costs recovered under Section 91.113(f);
- (10) hazardous oil and gas waste generation fees collected under Section 91.605;
- (11) oil-field cleanup regulatory fees on oil collected under Section 81.116;
- (12) oil-field cleanup regulatory fees on gas collected under Section 81.117;
- (13) fees for a reissued certificate collected under Section 91.707;
- (14) fees collected under Section 91.1013;
- (15) fees collected under Section 89.088;
- (16) fees collected under Section 91.142;
- (17) fees collected under Section 91.654;
- (18) costs recovered under Sections 91.656 and 91.657;
- (19) fees collected under Section 81.0521;
- (20) fees collected under Sections 89.024 and 89.026;
- (21) legislative appropriations;
- (22) any surcharges collected under Section 81.070;
- (23) fees collected under Section 91.0115;
- (24) ~~[money deposited to the credit of the fund under Section 81.112;~~
- ~~[(25)]~~ fees collected under Subchapter E, Chapter 121, Utilities Code; ~~[and]~~
- (25) [(26)] fees collected under Section 27.0321, Water Code; and
- (26) penalties collected under Section 81.0531.

SECTION 4. Section 81.068, Natural Resources Code, is amended.

SECTION 4. Same as introduced version.

SECTION 5. Section 85.381, Natural Resources Code, is amended by adding Subsection (c) to read as follows:

No equivalent provision.

(c) A penalty collected under this section shall be deposited to the credit of the oil and

gas regulation and cleanup fund.

SECTION 6. Section 85.385, Natural Resources Code, is amended to read as follows:

Sec. 85.385. PERSONS AIDING OR ABETTING VIOLATION. (a) Any person who aids or abets any other person in violating Section 85.045 or 85.046 of this code, Title 102, Revised [Civil] Statutes [of Texas, —1925], as amended, including provisions of this code formerly included in that title, or any rule or order adopted by the commission under those laws is subject to the same penalties as provided in Section 85.381 of this code.

(b) A penalty collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 7. Section 85.3855, Natural Resources Code, is amended by adding Subsection (g) to read as follows:

(g) A penalty collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 8. Section 91.143(e), Natural Resources Code, is amended to read as follows:

(e) The commission may impose an administrative penalty in the manner provided by Sections 81.0531-81.0534 on a person who violates this section. The amount of the penalty may not exceed \$1,000 for each violation. An administrative penalty collected under this subsection shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 9. Section 113.201, Natural Resources Code, is amended to read as follows:

Sec. 113.201. DEPOSIT AND EXPENDITURE OF FEES AND FUNDS. Money received by the commission under this chapter shall be deposited in the state treasury to the credit of the oil and gas regulation and cleanup fund [~~General Revenue Fund~~] and spent in accordance with the appropriations made by law.

No equivalent provision.

SECTION 10. The heading to Section 116.014, Natural Resources Code, is amended to read as follows:

No equivalent provision.

Sec. 116.014. DEPOSIT AND USE OF FEES AND CIVIL PENALTIES.

SECTION 11. Section 116.014(b), Natural Resources Code, is amended to read as follows:

(b) Except as provided by Subsection (a) [~~of this section~~], money collected by the commission as fees or civil penalties under this chapter shall be deposited in the oil and gas regulation and cleanup [~~general revenue~~] fund.

No equivalent provision.

SECTION 12. Section 131.355, Natural Resources Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) Section 131.231 does not apply to a fee imposed under this section [~~subchapter~~].

(c) A fee collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 13. Section 134.054, Natural Resources Code, is amended by adding Subsection (d) to read as follows:

(d) A fee collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 14. Section 134.055, Natural Resources Code, is amended by adding Subsection (d) to read as follows:

(d) A fee collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 15. Subchapter H, Chapter 134, Natural Resources Code, is amended by adding Section 134.1815 to read as follows:

Sec. 134.1815. DEPOSIT OF ADMINISTRATIVE PENALTY. An administrative penalty collected under this chapter shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 16. Subchapter E, Chapter 121, Utilities Code, is amended by adding Section 121.2105 to read as follows:

Sec. 121.2105. DEPOSIT OF ADMINISTRATIVE PENALTY. An administrative penalty collected under this subchapter shall be deposited to the credit of the oil and gas regulation and cleanup fund.

No equivalent provision.

SECTION 17. Subchapter G, Chapter 121, Utilities Code, is amended by adding Section 121.3095 to read as follows:

Sec. 121.3095. DEPOSIT OF ADMINISTRATIVE PENALTY. An administrative penalty collected under this subchapter shall be deposited to the credit of the oil and gas regulation and cleanup fund.

SECTION 18. Subchapter C, Chapter 122, Utilities Code, is amended by adding Section 122.1035 to read as follows:

Sec. 122.1035. DEPOSIT OF TAX. A tax collected under this chapter shall be deposited to the credit of the oil and gas regulation and cleanup fund.

SECTION 19. Subchapter E, Chapter 122, Utilities Code, is amended by adding Section 122.206 to read as follows:

Sec. 122.206. DEPOSIT OF PENALTIES AND INTEREST. Penalties and interest collected under this subchapter shall be deposited to the credit of the oil and gas regulation and cleanup fund.

SECTION 20. To the extent of any conflict, this Act prevails over another Act of the 85th Legislature, Regular Session, 2017, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 21. This Act takes effect September 1, 2017.

No equivalent provision.

SECTION 5. Subchapter C, Chapter 122, Utilities Code, is amended by adding Section 122.1035 to read as follows:

Sec. 122.1035. DEPOSIT OF TAX. A tax collected under this chapter shall be deposited to the credit of the oil and gas regulation and cleanup fund. This section expires September 1, 2029.

SECTION 6. Subchapter E, Chapter 122, Utilities Code, is amended by adding Section 122.206 to read as follows:

Sec. 122.206. DEPOSIT OF PENALTIES AND INTEREST. Penalties and interest collected under this subchapter shall be deposited to the credit of the oil and gas regulation and cleanup fund. This section expires September 1, 2029.

SECTION 7. Same as introduced version.

SECTION 8. Except as otherwise provided by this Act, this Act takes effect September 1, 2017.