

BILL ANALYSIS

Senate Research Center
85R9202 SMH-D

S.B. 1817
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The gas utility pipeline tax collected by the Railroad Commission of Texas (railroad commission) is a tax of one-half of one percent levied on the gross receipts of gas utility operators. This tax generated approximately \$24 million in fiscal year 2016. Currently, all funds collected by this tax are deposited into general revenue (GR). A major program operated by the railroad commission is the oil and gas regulation and cleanup program. This program requires the railroad commission to plug abandoned oil and gas wells and clean-up abandoned oilfield sites. The greatest funding source of the oil and gas regulation and cleanup program is the oil and gas regulation and cleanup fund--a dedicated GR account. Major inconsistency in the appropriation of gas utility pipeline tax funds to the oil and gas regulation and cleanup fund created instability in staffing and, as a result, regulation activities of the agency.

S.B. 1817 amends Chapter 122, Utilities Code, to dedicate the entirety of the gas utility pipeline tax to the credit of the oil and gas regulation and cleanup fund.

Providing a stable and predictable revenue source for the oil and gas regulation and cleanup fund will allow the railroad commission to make long-term staffing decisions, resource allocations, and capital improvements.

As proposed, S.B. 1817 amends current law relating to the deposit of the gas utility pipeline tax to the credit of the oil and gas regulation and cleanup fund.

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 Section 81.067(c), Natural Resources Code, 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 amends it as follows:

(c) Provides that the oil and gas regulation and cleanup fund (fund) consists of taxes collected under Chapter 122 (Gas Utility Pipeline Tax), Utilities Code. Deletes existing text providing that the fund consists of money deposited to the credit of the fund under Section 81.112 (Disposition of Tax Proceeds). Redesignates existing Subdivisions (25) and (26) as Subdivisions (24 and (25) and makes nonsubstantive changes

SECTION 2. Amends Subchapter C, Chapter 122, Utilities Code, by adding Section 122.1035, as follows:

Sec. 122.1035. DEPOSIT OF TAX. Requires a tax collected under this chapter to be deposited to the credit of the fund.

SECTION 3. Provides that 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 4. Effective date: September 1, 2017.