

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 7, 2019**

**TO:** Honorable Chris Paddie, Chair, House Committee on Energy Resources

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB4060** by Zwiener (Relating to a program administered by the Railroad Commission of Texas to provide grants to promote pipeline emergency preparedness; authorizing a fee.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4060, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from Oil &amp; Gas Regulation 5155</b>	<b>Probable (Cost) from Oil &amp; Gas Regulation 5155</b>	<b>Change in Number of State Employees from FY 2019</b>
2020	\$4,285,000	(\$4,285,000)	5.0
2021	\$4,285,000	(\$4,285,000)	5.0
2022	\$4,285,000	(\$4,285,000)	5.0
2023	\$4,285,000	(\$4,285,000)	5.0
2024	\$4,285,000	(\$4,285,000)	5.0

## **Fiscal Analysis**

The bill would amend the Natural Resources Code to establish a new emergency preparedness grant program administered by the Railroad Commission. The bill would require the commission to establish and collect pipeline emergency preparedness fees for permits or registrations issued under the agency's pipeline safety and regulatory program. The fees would be deposited into a dedicated account in General Revenue and would be used to establish a grant program for emergency preparedness expenses.

Based on analysis of the Railroad Commission, the fiscal impact to the agency under the provisions of the bill would be \$8,570,000 for the 2020-21 biennium, and a five year impact of \$21,425,000 in General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155. Costs include salaries for 5.0 FTEs, other operating costs, benefits, and grants. The agency would establish a new grant program to provide emergency preparedness grants to certain political subdivision.

## **Methodology**

Currently, the Railroad Commission does not administer grant programs. According to the Railroad Commission, the following variables related to the bill provisions are unknown:

- 1) The number of political subdivisions eligible to receive emergency preparedness grants;
- 2) The number of grants which would be provided each fiscal year; and
- 3) The value of the emergency preparedness grant awards.

The Railroad Commission estimates the amount of revenue collected from pipeline emergency preparedness fees would be equal to the revenue currently collected under Natural Resources Code, Sec. 81.071, Pipeline Safety and Regulatory Fees, or \$4,285,000 each fiscal year. The Railroad commission estimates the bill provisions would require one Grant Coordinator IV (1.0 FTEs), two Program Specialists IV (2.0 FTEs), one Administrative Assistant II (1.0 FTEs), and one Compliance Analyst II (1.0 FTEs). Based on LBB analysis, the additional FTEs would have a combined fiscal year cost of \$286,889 for salaries (\$212,628) and related benefits (\$74,271). It is assumed that any revenue collected through the pipeline emergency preparedness fees not expended on salaries, benefits, or other operating costs would be expended in grants to eligible political subdivisions. The amount available for grants is estimated to be approximately \$3,959,650 each fiscal year.

Although the bill does not specify the dedicated account in General Revenue for deposits of revenue from pipeline emergency preparedness fees, this analysis assumes the revenue would be deposited to the credit of the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155.

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 in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current legislature.

## **Local Government Impact**

According to the Texas Municipal League, no significant fiscal implication to cities is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

**LBB Staff:** WP, SZ, MW, TBo, AF