

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 28, 2021

TO: Honorable Craig Goldman, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3381 by Leman (Relating to the authority of the Railroad Commission of Texas to contract for the treatment of and sell drill cuttings.), **As Introduced**

The fiscal implications of the bill cannot be determined because the amount of potential revenue and cost savings associated with disposing of abandoned stored drill cuttings are unknown.

The bill would allow the Railroad Commission (RRC) to dispose of abandoned stored drill cuttings by contracting with a third party to treat the drill cuttings for a subsequent use and selling the treated drill cuttings at a public auction or a public or private sale.

According to the RRC, the revenue from the sale of drill cuttings cannot be determined but is anticipated to be minimal due to a limited market and varying costs throughout the state. Similarly, there could be cost savings if the agency does not have to pay to have drill cutting waste hauled off site; however, the amount of savings also cannot be determined because it would depend on whether or not the material could be sold.

Based on information provided by the RRC, it is assumed that all other duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2021.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JMc, AJL, MW, DA