

SENATE AMENDMENTS

2nd Printing

By: Walle

H.B. No. 3973

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the composition and use of money in the oil and gas
3 regulation and cleanup fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 403.0956, Government Code, is amended to
6 read as follows:

7 Sec. 403.0956. REALLOCATION OF INTEREST ACCRUED ON CERTAIN
8 DEDICATED REVENUE. Notwithstanding any other law, all interest or
9 other earnings that accrue on all revenue held in an account in the
10 general revenue fund any part of which Section 403.095 makes
11 available for certification under Section 403.121 are available for
12 any general governmental purpose, and the comptroller shall deposit
13 the interest and earnings to the credit of the general revenue
14 fund. This section does not apply to:

15 (1) interest or earnings on revenue deposited in
16 accordance with Section 51.008, Education Code;

17 (2) an account that accrues interest or other earnings
18 on deposits of state or federal money the diversion of which is
19 specifically excluded by federal law;

20 (3) the lifetime license endowment account;

21 (4) the game, fish, and water safety account;

22 (5) the coastal protection account;

23 (6) the Alamo complex account; [~~or~~]

24 (7) the artificial reef account; or

1 (8) the oil and gas regulation and cleanup fund.

2 SECTION 2. Section 81.01010(d), Natural Resources Code, is
3 amended to read as follows:

4 (d) The fees charged and collected under this section shall
5 be accounted for by the secretary of the commission and paid into
6 the oil and gas regulation and cleanup fund [~~treasury as provided by~~
7 ~~Chapter 603, Government Code~~].

8 SECTION 3. Section 81.0531(e), Natural Resources Code, is
9 amended to read as follows:

10 (e) A penalty collected under this section shall be
11 deposited to the credit of the oil and gas regulation and
12 [~~oil-field~~] cleanup fund.

13 SECTION 4. Section 81.056(g), Natural Resources Code, is
14 amended to read as follows:

15 (g) The commission may use money in the oil and gas
16 regulation and [~~oil-field~~] cleanup fund to implement this
17 section. The amount of money in the fund the commission may use for
18 that purpose may not exceed the amount of money in the fund that is
19 derived from fees collected under Section 91.142 from common
20 carriers or owners or operators of pipelines as determined annually
21 by the commission.

22 SECTION 5. Section 81.058, Natural Resources Code, is
23 amended by adding Subsection (g) to read as follows:

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

27 SECTION 6. Section 81.067, Natural Resources Code, is

1 amended to read as follows:

2 Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND. (a)
3 The oil and gas regulation and cleanup fund is created as a separate
4 ~~[an]~~ account in the general revenue fund of the state treasury.

5 (b) ~~[(c)]~~ The fund consists of:

6 (1) proceeds from bonds and other financial security
7 required by this chapter and benefits under well-specific plugging
8 insurance policies described by Section 91.104(c) that are paid to
9 the state as contingent beneficiary of the policies, subject to the
10 refund provisions of Section 91.1091, if applicable;

11 (2) private contributions, including contributions
12 made under Section 89.084;

13 (3) expenses collected under Section 89.083;

14 (4) costs recovered and civil and administrative
15 penalties collected for commission purposes under Chapters 81, 85,
16 86, 87, 88, 89, 91, 111, and 211;

17 (5) ~~[(4)]~~ fees imposed under Section 85.2021;

18 ~~[(5) costs recovered under Section 91.457 or 91.459,]~~

19 (6) proceeds collected under Sections 89.085 and
20 91.115;

21 (7) interest income earned on the investment of money
22 ~~[funds]~~ deposited in the fund;

23 (8) oil and gas waste hauler permit application fees
24 collected under Section 29.015, Water Code;

25 (9) ~~[costs recovered under Section 91.113(f),~~

26 ~~[(10)]~~ hazardous oil and gas waste generation fees
27 collected under Section 91.605;

- 1 (10) [~~(11)~~] oil-field cleanup regulatory fees on oil
2 collected under Section 81.116;
- 3 (11) [~~(12)~~] oil-field cleanup regulatory fees on gas
4 collected under Section 81.117;
- 5 (12) [~~(13)~~] fees for a reissued certificate collected
6 under Section 91.707;
- 7 (13) [~~(14)~~] fees collected under Section 91.1013;
- 8 (14) [~~(15)~~] fees collected under Section 89.088;
- 9 (15) [~~(16)~~] fees collected under Section 91.142;
- 10 (16) [~~(17)~~] fees collected under Section 91.654;
- 11 (17) [~~(18)~~] ~~costs recovered under Sections 91.656 and~~
12 ~~91.657;~~
- 13 [~~(19)~~] fees collected under Section 81.0521;
- 14 (18) [~~(20)~~] fees collected under Sections 89.024 and
15 89.026;
- 16 (19) [~~(21)~~] legislative appropriations;
- 17 (20) [~~(22)~~] any surcharges collected under Section
18 81.070;
- 19 (21) [~~(23)~~] fees collected under Section 91.0115;
- 20 (22) [~~(24)~~] fees collected under Subchapter E,
21 Chapter 121, Utilities Code;
- 22 (23) [~~(25)~~] fees collected under Sections [~~Section~~]
23 27.0321 and 27.045, Water Code;
- 24 (24) [~~(26)~~] fees collected under Section 81.071;
- 25 [~~and~~]
- 26 (25) [~~(27)~~] money collected under Section 81.021;
- 27 (26) penalties collected under Sections 27.101,

1 27.1011, and 27.105, Water Code;

2 (27) proceeds from bonds and other financial security
3 mechanisms required under Section 27.073, Water Code;

4 (28) civil and administrative penalties collected
5 under Chapter 29, Water Code; and

6 (29) civil and administrative penalties collected
7 under Chapter 121, Utilities Code.

8 (c) The oil and gas regulation and cleanup fund is an
9 interest-bearing fund. Interest earned on money in the fund shall
10 be deposited to the credit of the fund.

11 (d) Money in the fund may not be used to pay employee
12 benefits or benefit-related costs. Notwithstanding any other law,
13 the fund is exempt from any applicable employee benefits
14 proportionality requirement.

15 SECTION 7. Section 81.068, Natural Resources Code, is
16 amended to read as follows:

17 Sec. 81.068. PURPOSES OF OIL AND GAS REGULATION AND CLEANUP
18 FUND. Money in the oil and gas regulation and cleanup fund may be
19 used by the commission or its employees or agents for any purpose
20 related to the regulation of oil and gas development, including:

21 (1) oil and gas monitoring and inspections;

22 (2) [✓] oil and gas remediation, and oil and gas well
23 plugging;

24 (3) [✓] the study and evaluation of electronic access
25 to geologic data and surface casing depths necessary to protect
26 usable groundwater in this state;

27 (4) [✓] the administration of pipeline safety and

1 regulatory programs;

2 (5) ~~[7]~~ public information and services related to
3 those activities;

4 (6) regulation of geologic storage facilities and
5 associated anthropogenic carbon dioxide injection wells, including
6 inspection, monitoring, investigation, recording, plugging,
7 remediation, and enforcement, and the administration of those
8 activities; ~~[7]~~ and

9 (7) administrative costs ~~[and state benefits]~~ for
10 personnel involved in those activities.

11 SECTION 8. Section 81.116(e), Natural Resources Code, is
12 amended to read as follows:

13 (e) Proceeds from the fee, including ~~[excluding]~~ any
14 penalties collected in connection with the fee, shall be deposited
15 to the oil and gas regulation and cleanup fund as provided by
16 Section 81.067.

17 SECTION 9. Section 81.117(e), Natural Resources Code, is
18 amended to read as follows:

19 (e) Proceeds from the fee, including ~~[excluding]~~ any
20 penalties collected in connection with the fee, shall be deposited
21 to the oil and gas regulation and cleanup fund as provided by
22 Section 81.067.

23 SECTION 10. Section 85.381, Natural Resources Code, is
24 amended by adding Subsection (c) to read as follows:

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

1 SECTION 11. Section 85.385, Natural Resources Code, is
2 amended to read as follows:

3 Sec. 85.385. PERSONS AIDING OR ABETTING VIOLATION. (a) Any
4 person who aids or abets any other person in violating Section
5 85.045 or 85.046 of this code, Title 102, Revised Civil Statutes of
6 Texas, 1925, as amended, including provisions of this code formerly
7 included in that title, or any rule or order adopted by the
8 commission under those laws is subject to the same penalties as
9 provided in Section 85.381 of this code.

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

13 SECTION 12. Section 85.3855, Natural Resources Code, is
14 amended by adding Subsection (g) to read as follows:

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

18 SECTION 13. Section 86.222, Natural Resources Code, is
19 amended by adding Subsection (c) to read as follows:

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

23 SECTION 14. Section 87.241, Natural Resources Code, is
24 amended by adding Subsection (d) to read as follows:

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

1 SECTION 15. Section 89.022, Natural Resources Code, is
2 amended by adding Subsection (e-1) to read as follows:

3 (e-1) Costs associated with a hearing recovered under
4 Subsection (e) shall be deposited to the credit of the oil and gas
5 regulation and cleanup fund.

6 SECTION 16. Section 89.047(g), Natural Resources Code, is
7 amended to read as follows:

8 (g) A fee collected under Subsection (f) shall be deposited
9 to the credit of the oil and gas regulation and cleanup [~~general~~
10 ~~revenue~~] fund and may be appropriated only to the commission to be
11 used to enforce the laws and rules concerning oil and gas
12 conservation and waste and pollution prevention.

13 SECTION 17. Section 89.121(b), Natural Resources Code, is
14 amended to read as follows:

15 (b) Civil penalties collected for violations of this
16 chapter or of rules relating to plugging that are adopted under this
17 code shall be deposited in the oil and gas regulation and cleanup
18 [~~general revenue~~] fund.

19 SECTION 18. Section 91.143, Natural Resources Code, is
20 amended by adding Subsection (f) to read as follows:

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

24 SECTION 19. Section 91.260, Natural Resources Code, is
25 amended by adding Subsection (e) to read as follows:

26 (e) A penalty collected under this section shall be
27 deposited to the credit of the oil and gas regulation and cleanup

1 fund.

2 SECTION 20. Section 91.261, Natural Resources Code, is
3 amended by adding Subsection (f) to read as follows:

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

7 SECTION 21. Section 91.264(c), Natural Resources Code, is
8 amended to read as follows:

9 (c) A penalty collected under this section shall be
10 deposited to the credit of the oil and gas regulation and cleanup
11 ~~[general revenue]~~ fund.

12 SECTION 22. Section 91.459, Natural Resources Code, is
13 amended by adding Subsection (d) to read as follows:

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

17 SECTION 23. Section 91.556, Natural Resources Code, is
18 amended to read as follows:

19 Sec. 91.556. ENFORCEMENT. (a) If an operator fails to file
20 an electric log as required by this subchapter, the commission may:

21 (1) if the well is completed as a producing well,
22 refuse to assign an allowable or a change in allowable for
23 production from the well for which the electric log is required
24 until the operator files the electric log with the commission; or

25 (2) impose an administrative penalty on the operator
26 in the manner provided by Sections 81.0531-81.0534 for each well
27 for which the operator failed to file an electric log.

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

4 SECTION 24. Section 111.261, Natural Resources Code, is
5 amended to read as follows:

6 Sec. 111.261. PENALTY RECOVERABLE BY STATE. (a) A common
7 carrier under this chapter is subject to a penalty of not less than
8 \$100 nor more than \$1,000 for each offense, recoverable in the name
9 of the state, if the common carrier:

10 (1) violates Section 111.013 through 111.024,
11 111.134, 111.135, 111.138, 111.139, 111.141, or 111.142 of this
12 code or a valid order of the commission; or

13 (2) fails to perform a duty imposed by Section 111.013
14 through 111.024, 111.134, 111.135, 111.138, 111.139, 111.141, or
15 111.142 of this code.

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

19 SECTION 25. Section 111.263, Natural Resources Code, is
20 amended by adding Subsection (c) to read as follows:

21 (c) A penalty recovered by the state under this section
22 shall be deposited to the credit of the oil and gas regulation and
23 cleanup fund.

24 SECTION 26. The heading to Section 121.003, Natural
25 Resources Code, is amended to read as follows:

26 Sec. 121.003. ADMINISTRATIVE FEES AND PENALTIES
27 [ANTHROPOGENIC CARBON DIOXIDE STORAGE TRUST FUND].

1 SECTION 27. Section 121.003(c), Natural Resources Code, is
2 amended to read as follows:

3 (c) Fees collected by the commission under Subchapter C-1,
4 Chapter 27, Water Code, and penalties imposed for violations of
5 that subchapter or rules adopted under that subchapter shall be
6 deposited to the credit of the oil and gas regulation and cleanup
7 ~~[anthropogenic carbon dioxide storage trust]~~ fund.

8 SECTION 28. Section 211.033(q), Natural Resources Code, is
9 amended to read as follows:

10 (q) A penalty collected under this section shall be remitted
11 to the comptroller for the deposit to the credit of the oil and gas
12 regulation and ~~[oil-field]~~ cleanup fund.

13 SECTION 29. Subchapter E, Chapter 121, Utilities Code, is
14 amended by adding Section 121.2105 to read as follows:

15 Sec. 121.2105. DEPOSIT OF PENALTY. A civil or
16 administrative penalty collected under this subchapter shall be
17 deposited to the credit of the oil and gas regulation and cleanup
18 fund.

19 SECTION 30. Subchapter G, Chapter 121, Utilities Code, is
20 amended by adding Section 121.3095 to read as follows:

21 Sec. 121.3095. DEPOSIT OF PENALTY. A civil or
22 administrative penalty collected under this subchapter shall be
23 deposited to the credit of the oil and gas regulation and cleanup
24 fund.

25 SECTION 31. Section 27.045(b), Water Code, is amended to
26 read as follows:

27 (b) Fees collected by the railroad commission under this

1 section shall be deposited to the credit of the oil and gas
2 regulation and cleanup [~~anthropogenic carbon dioxide storage~~
3 ~~trust~~] fund established under Section 81.067 [~~121.003~~], Natural
4 Resources Code.

5 SECTION 32. Section 27.073, Water Code, is amended by
6 adding Subsection (e) to read as follows:

7 (e) Proceeds from bonds and other financial security
8 mechanisms required under this section shall be deposited to the
9 credit of the oil and gas regulation and cleanup fund.

10 SECTION 33. Section 27.101, Water Code, is amended by
11 adding Subsection (c) to read as follows:

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

15 SECTION 34. Section 27.1011, Water Code, is amended by
16 adding Subsection (d) to read as follows:

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

20 SECTION 35. Section 27.105, Water Code, is amended by
21 adding Subsection (c) to read as follows:

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

24 SECTION 36. Section 29.047, Water Code, is amended by
25 adding Subsection (d) to read as follows:

26 (d) A penalty collected under this section shall be
27 deposited to the credit of the oil and gas regulation and cleanup

1 fund.

2 SECTION 37. Section 29.051, Water Code, is amended by
3 adding Subsection (c) to read as follows:

4 (c) A penalty recovered under this section shall be
5 deposited to the credit of the oil and gas regulation and cleanup
6 fund.

7 SECTION 38. Sections 121.003(a), (b), and (d), Natural
8 Resources Code, are repealed.

9 SECTION 39. (a) On the effective date of this Act:

10 (1) the anthropogenic carbon dioxide storage trust
11 fund is abolished;

12 (2) any money remaining in the anthropogenic carbon
13 dioxide storage trust fund is transferred to the oil and gas
14 regulation and cleanup fund;

15 (3) any claim against the anthropogenic carbon dioxide
16 storage trust fund is transferred to the oil and gas regulation and
17 cleanup fund; and

18 (4) any amount required to be deposited to the credit
19 of the anthropogenic carbon dioxide storage trust fund shall be
20 deposited to the credit of the oil and gas regulation and cleanup
21 fund.

22 (b) Any money transferred from the anthropogenic carbon
23 dioxide storage trust fund to the oil and gas regulation and cleanup
24 fund that was deposited in the anthropogenic carbon dioxide storage
25 trust fund as a gift, grant, or other form of assistance, and is
26 encumbered by the specific terms of the gift, grant, or other form
27 of assistance may be spent only in accordance with the terms of the

1 gift, grant, or other form of assistance.

2 SECTION 40. This Act takes effect September 1, 2021.

ADOPTED

MAY 24 2021

By: Phyllis Lee N. [Signature]

By: Phyllis Lee N. [Signature]

Latey Spaw
Secretary of the Senate

H.B. No. 3973

C.S. H.B. No. 3973

Substitute the following for H.B. No. 3973:

A BILL TO BE ENTITLED
AN ACT

relating to a study on abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) A joint interim committee is created to study abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.

(b) The committee shall be composed of:

(1) five members appointed by the lieutenant governor;
and

(2) five members appointed by the speaker of the house of representatives.

(c) The committee shall convene at the call of the presiding officer.

(d) The committee has all other powers and duties provided to a special or select committee by the rules of the senate and house of representatives, by Subchapter B, Chapter 301, Government Code, and by policies of the senate and house committees on administration.

(e) Not later than the 60th day after the effective date of this Act, the lieutenant governor and the speaker of the house of representatives shall appoint the members of the interim committee

created under this section.

(f) The committee shall:

(1) study matters related to abandoned oil and gas wells in this state, including the costs associated with plugging abandoned wells and bonding requirements imposed on owners or operators of oil and gas wells;

(2) identify potential solutions to reduce the need for general revenue spending to plug abandoned wells;

(3) conduct a review of the oil and gas regulation and cleanup fund, including:

(A) revenue sources of the fund;

(B) projected revenue for the fund through fiscal year 2025 based on the fund's existing fee and fine structure; and

(C) an assessment of the rules and statutory limits that determine the amount of the fees and fines that contribute to the fund; and,

(4) evaluate and identify other sources of potential revenue, including federal funds and other existing taxes and fees paid to the benefit of the state which could be utilized to meet the goals of the committee.

(g) The Railroad Commission of Texas shall provide information to the committee necessary to conduct the study under Subsection (f) of this section, including information related to:

(1) budget and performance measures of the commission and fees and fines collected by the commission; and

(2) any regulatory or statutory changes needed to assure adequate operating revenue for the commission, including revenue used to plug abandoned oil and gas wells.

(h) Not later than December 1, 2022, the joint interim committee shall report the committee's findings and recommendations to the legislature.

(i) The committee is abolished and this section expires January 1, 2023.

SECTION 2. This Act takes effect September 1, 2021.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 26, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3973 by Walle (Relating to a study on abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would create a joint interim committee to study matters related to abandoned oil and gas wells in the state and review projected revenue to General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155. The bill would require the committee to report its findings and recommendations to the legislature no later than December 1, 2022.

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

Local Government Impact

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

Source Agencies: 455 Railroad Commission

LBB Staff: JMc, SD, KK, DA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 21, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3973 by Walle (relating to a study on abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would create a joint interim committee to study matters related to abandoned oil and gas wells in the state and review projected revenue to General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155. The bill would require the committee to report its findings and recommendations to the legislature no later than December 1, 2022.

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

Local Government Impact

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

Source Agencies: 455 Railroad Commission

LBB Staff: JMc, KK, DA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 19, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3973 by Walle (Relating to the composition and use of money in the oil and gas regulation and cleanup fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3973, As Engrossed : a negative impact of (\$29,319,194) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$14,659,597)
2023	(\$14,659,597)
2024	(\$14,659,597)
2025	(\$14,659,597)
2026	(\$14,662,597)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue Gain from <i>Oil & Gas Regulation 5155</i>	Probable Revenue (Loss) from <i>Anthropogenic CO2 Storage Fund 827</i>	Probable (Cost) from <i>General Revenue Fund 1</i>
2022	(\$1,564,097)	\$1,649,097	(\$85,000)	(\$13,095,500)
2023	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2024	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2025	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2026	(\$1,567,097)	\$1,564,097	(\$1,000)	(\$13,095,500)

<i>Fiscal Year</i>	Probable Savings from <i>Oil & Gas Regulation 5155</i>
2022	\$13,095,500
2023	\$13,095,500
2024	\$13,095,500
2025	\$13,095,500
2026	\$13,095,500

Fiscal Analysis

The bill would amend the Government Code to exclude interest or earnings on revenue deposited to the Oil and Gas Regulation and Cleanup Account No. 5155 (OGRC Fund 5155) from being deposited to the General Revenue Fund and instead deposited to OGRC Fund 5155.

The bill would amend various sections of the Natural Resources Code to update references to the “oil field cleanup” account, the predecessor account of OGRC Fund 5155.

The bill would establish OGRC Fund 5155 as a separate fund in the General Revenue Fund and allow funds in the account to be used for investment purposes. It would also require that all interest or earnings on investment revenue be deposited to the fund.

The bill would direct all civil, administrative, and criminal penalty revenue collected under Natural Resources Code Chapters 81, 85, 86, 87, 88, 89, 91, 111 and 211 be deposited to the credit of OGRC Fund 5155.

The bill would direct all civil and administrative penalty revenue collected under Water Code Chapter 27 and 29 be deposited to the credit of OGRC Fund 5155.

The bill would direct all civil and administrative penalty revenue collected under Utilities Code Chapter 121 be deposited to the credit of OGRC Fund 5155.

The bill would direct all proceeds from injection well bonding and other financial security mechanisms to be deposited to the credit of OGRC Fund 5155.

The bill would exempt OGRC Fund 5155 from paying employee benefits or benefit-related costs.

The bill would abolish the Anthropogenic Carbon Dioxide Storage Trust Fund Account No. 827 and transfer the balance of the fund to OGRC Fund 5155 and direct all fee revenue collected from the regulation of anthropogenic carbon dioxide storage be deposited to the credit of OGRC Fund 5155.

The bill would take effect September 1, 2021.

Methodology

Based on information provided by the Comptroller of Public Accounts (CPA), revenue collected from penalties assessed and imposed by the Railroad Commission (RRC) would total \$1,001,000 each fiscal year and interest revenue from available fund balances, assuming an interest rate of 0.45 percent, would total \$563,097 each fiscal year and be deposited to OGRC Fund 5155 rather than the General Revenue Fund.

According to RRC, benefits-related costs obligated to be paid from OGRC Fund 5155 totaled \$13,095,500 in fiscal year 2020. This analysis assumes a similar amount in benefits-related costs each fiscal year in the 2022-23 biennium. Under the provisions of the bill, these benefit costs would have to be paid from the General Revenue Fund rather than ORGC Fund 5155 as shown in the tables above.

According to CPA, the Anthropogenic Carbon Dioxide Storage Trust Fund Account No. 827 is estimated to have a fund balance of \$85,000 at the end of fiscal year 2021 and the balance would have generated an additional \$1,000 in interest revenue per fiscal year to the fund.

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 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

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

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

LBB Staff: JMc, KK, MW, DA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 14, 2021

TO: Honorable Greg Bonnen, Chair, House Committee on Appropriations

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3973 by Walle (Relating to the composition and use of money in the oil and gas regulation and cleanup fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3973, As Introduced : a negative impact of (\$29,319,194) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$14,659,597)
2023	(\$14,659,597)
2024	(\$14,659,597)
2025	(\$14,659,597)
2026	(\$14,662,597)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Oil & Gas Regulation 5155	Probable Revenue (Loss) from Anthropogenic CO2 Storage Fund 827	Probable (Cost) from General Revenue Fund 1
2022	(\$1,564,097)	\$1,649,097	(\$85,000)	(\$13,095,500)
2023	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2024	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2025	(\$1,564,097)	\$1,564,097	(\$1,000)	(\$13,095,500)
2026	(\$1,567,097)	\$1,564,097	(\$1,000)	(\$13,095,500)

<i>Fiscal Year</i>	Probable Savings from Oil & Gas Regulation 5155
2022	\$13,095,500
2023	\$13,095,500
2024	\$13,095,500
2025	\$13,095,500
2026	\$13,095,500

Fiscal Analysis

The bill would amend the Government Code to exclude interest or earnings on revenue deposited to the Oil and Gas Regulation and Cleanup Account No. 5155 (OGRC Fund 5155) from being deposited to the General Revenue Fund and instead deposited to OGRC Fund 5155.

The bill would amend various sections of the Natural Resources Code to update references to the “oil field cleanup” account, the predecessor account of OGRC Fund 5155.

The bill would establish OGRC Fund 5155 as a separate fund in the General Revenue Fund and allow funds in the account to be used for investment purposes. It would also require that all interest or earnings on investment revenue be deposited to the fund.

The bill would direct all civil, administrative, and criminal penalty revenue collected under Natural Resources Code Chapters 81, 85, 86, 87, 88, 89, 91, 111 and 211 be deposited to the credit of OGRC Fund 5155.

The bill would direct all civil and administrative penalty revenue collected under Water Code Chapter 27 and 29 be deposited to the credit of OGRC Fund 5155.

The bill would direct all civil and administrative penalty revenue collected under Utilities Code Chapter 121 be deposited to the credit of OGRC Fund 5155.

The bill would direct all proceeds from injection well bonding and other financial security mechanisms to be deposited to the credit of OGRC Fund 5155.

The bill would exempt OGRC Fund 5155 from paying employee benefits or benefit-related costs.

The bill would abolish the Anthropogenic Carbon Dioxide Storage Trust Fund Account No. 827 and transfer the balance of the fund to OGRC Fund 5155 and direct all fee revenue collected from the regulation of anthropogenic carbon dioxide storage be deposited to the credit of OGRC Fund 5155.

The bill would take effect September 1, 2021.

Methodology

Based on information provided by the Comptroller of Public Accounts (CPA), revenue collected from penalties assessed and imposed by the Railroad Commission (RRC) would total \$1,001,000 each fiscal year and interest revenue from available fund balances, assuming an interest rate of 0.45 percent, would total \$563,097 each fiscal year and be deposited to OGRC Fund 5155 rather than the General Revenue Fund.

According to RRC, benefits-related costs obligated to be paid from OGRC Fund 5155 totaled \$13,095,500 in fiscal year 2020. This analysis assumes a similar amount in benefits-related costs each fiscal year in the 2022-23 biennium. Under the provisions of the bill, these benefit costs would have to be paid from the General Revenue Fund rather than ORGC Fund 5155 as shown in the tables above.

According to CPA, the Anthropogenic Carbon Dioxide Storage Trust Fund Account No. 827 is estimated to have a fund balance of \$85,000 at the end of fiscal year 2021 and the balance would have generated an additional \$1,000 in interest revenue per fiscal year to the fund.

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 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

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

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

LBB Staff: JMc, KK, MW, DA