

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

- (1) interest or earnings on revenue deposited in accordance with Section 51.008, Education Code;
- (2) an account that accrues interest or other earnings on deposits of state or federal money the diversion of which is specifically excluded by federal law;
- (3) the lifetime license endowment account;
- (4) the game, fish, and water safety account;
- (5) the coastal protection account;
- (6) the Alamo complex account; [or]
- (7) the artificial reef account; or
- (8) the oil and gas regulation and cleanup fund.

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

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

SENATE VERSION (CS)

No equivalent provision.

No equivalent provision.

CONFERENCE

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

SECTION 5. Section 81.058, 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.

SECTION 6. Section 81.067, Natural Resources Code, is amended to read as follows:

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

(b) [(e)] The fund consists of:

(1) proceeds from bonds and other financial security required

SENATE VERSION (CS)

No equivalent provision.

No equivalent provision.

No equivalent provision.

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CONFERENCE

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

~~(5) [(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 income earned on the investment of money ~~[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;~~

~~(10) [(11)] oil-field cleanup regulatory fees on oil collected under Section 81.116;~~

~~(11) [(12)] oil-field cleanup regulatory fees on gas collected under Section 81.117;~~

~~(12) [(13)] fees for a reissued certificate collected under Section 91.707;~~

~~(13) [(14)] fees collected under Section 91.1013;~~

~~(14) [(15)] fees collected under Section 89.088;~~

~~(15) [(16)] fees collected under Section 91.142;~~

~~(16) [(17)] fees collected under Section 91.654;~~

~~(17) [(18) costs recovered under Sections 91.656 and 91.657;~~
~~[(19)] fees collected under Section 81.0521;~~

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

~~(18) [(20)]~~ fees collected under Sections 89.024 and 89.026;
~~(19) [(21)]~~ legislative appropriations;
~~(20) [(22)]~~ any surcharges collected under Section 81.070;
~~(21) [(23)]~~ fees collected under Section 91.0115;
~~(22) [(24)]~~ fees collected under Subchapter E, Chapter 121, Utilities Code;
~~(23) [(25)]~~ fees collected under Sections ~~[Section]~~ 27.0321 and 27.045, Water Code;
~~(24) [(26)]~~ fees collected under Section 81.071; ~~[and]~~
~~(25) [(27)]~~ money collected under Section 81.021;
~~(26)~~ penalties collected under Sections 27.101, 27.1011, and 27.105, Water Code;
~~(27)~~ proceeds from bonds and other financial security mechanisms required under Section 27.073, Water Code;
~~(28)~~ civil and administrative penalties collected under Chapter 29, Water Code; and
~~(29)~~ civil and administrative penalties collected under Chapter 121, Utilities Code.
~~(c)~~ The oil and gas regulation and cleanup fund is an interest-bearing fund. Interest earned on money in the fund shall be deposited to the credit of the fund.
~~(d)~~ Money in the fund may not be used to pay employee benefits or benefit-related costs. Notwithstanding any other law, the fund is exempt from any applicable employee benefits proportionality requirement.

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

Sec. 81.068. PURPOSES OF OIL AND GAS REGULATION AND CLEANUP FUND. Money in the oil and gas regulation and cleanup fund may be used by the

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

commission or its employees or agents for any purpose related to the regulation of oil and gas development, including:

- (1) oil and gas monitoring and inspections;
- (2) [5] oil and gas remediation, and oil and gas well plugging;
- (3) [5] the study and evaluation of electronic access to geologic data and surface casing depths necessary to protect usable groundwater in this state;
- (4) [5] the administration of pipeline safety and regulatory programs;
- (5) [5] public information and services related to those activities;
- (6) regulation of geologic storage facilities and associated anthropogenic carbon dioxide injection wells, including inspection, monitoring, investigation, recording, plugging, remediation, and enforcement, and the administration of those activities; [5] and
- (7) administrative costs [~~and state benefits~~] for personnel involved in those activities.

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

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

No equivalent provision.

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

- (e) Proceeds from the fee, including [~~excluding~~] any penalties collected in connection with the fee, shall be deposited to the

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

oil and gas regulation and cleanup fund as provided by Section 81.067.

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

(c) 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 11. 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 12. 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 13. Section 86.222, Natural Resources Code, is amended by adding Subsection (c) to read as follows:

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

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

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

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

No equivalent provision.

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

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

No equivalent provision.

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

(b) Civil penalties collected for violations of this chapter or of rules relating to plugging that are adopted under this code shall be deposited in the oil and gas regulation and cleanup

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

[general revenue] fund.

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

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

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

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

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

No equivalent provision.

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

(d) A penalty collected under this section shall be deposited

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

to the credit of the oil and gas regulation and cleanup fund.

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

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

- (1) if the well is completed as a producing well, refuse to assign an allowable or a change in allowable for production from the well for which the electric log is required until the operator files the electric log with the commission; or
- (2) impose an administrative penalty on the operator in the manner provided by Sections 81.0531-81.0534 for each well for which the operator failed to file an electric log.

(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 24. Section 111.261, Natural Resources Code, is amended to read as follows:

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

- (1) violates Section 111.013 through 111.024, 111.134, 111.135, 111.138, 111.139, 111.141, or 111.142 of this code or a valid order of the commission; or
- (2) fails to perform a duty imposed by Section 111.013 through 111.024, 111.134, 111.135, 111.138, 111.139, 111.141, or 111.142 of this code.

(b) A penalty collected under this section shall be deposited

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

to the credit of the oil and gas regulation and cleanup fund.

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

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

No equivalent provision.

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

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

No equivalent provision.

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

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

No equivalent provision.

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

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

No equivalent provision.

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

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

(b) Fees collected by the railroad commission under this section shall be deposited to the credit of the oil and gas regulation and cleanup [~~anthropogenic carbon dioxide storage trust~~] fund established under Section 81.067 [~~121.003~~], Natural Resources Code.

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

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

SENATE VERSION (CS)

No equivalent provision.

No equivalent provision.

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No equivalent provision.

CONFERENCE

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

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

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

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

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

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

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

SECTION 38. Sections 121.003(a), (b), and (d), Natural

SENATE VERSION (CS)

No equivalent provision.

No equivalent provision.

No equivalent provision.

No equivalent provision.

No equivalent provision.

No equivalent provision.

CONFERENCE

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

Resources Code, are repealed.

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

- (1) the anthropogenic carbon dioxide storage trust fund is abolished;
 - (2) any money remaining in the anthropogenic carbon dioxide storage trust fund is transferred to the oil and gas regulation and cleanup fund;
 - (3) any claim against the anthropogenic carbon dioxide storage trust fund is transferred to the oil and gas regulation and cleanup fund; and
 - (4) any amount required to be deposited to the credit of the anthropogenic carbon dioxide storage trust fund shall be deposited to the credit of the oil and gas regulation and cleanup fund.
- (b) Any money transferred from the anthropogenic carbon dioxide storage trust fund to the oil and gas regulation and cleanup fund that was deposited in the anthropogenic carbon dioxide storage trust fund as a gift, grant, or other form of assistance, and is encumbered by the specific terms of the gift, grant, or other form of assistance may be spent only in accordance with the terms of the gift, grant, or other form of assistance.

No equivalent provision.

No equivalent provision.

- 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

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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 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

House Bill 3973
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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 40. This Act takes effect September 1, 2021.

SECTION 2. Same as House version.