

BILL ANALYSIS

C.S.H.B. 3368
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Homeland Security & Public Safety
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There is an ongoing issue in Texas with the theft of tubular steel used in the process of drilling and completing oil and gas wells. Law enforcement officials have noted challenges in identifying, tracing, and prosecuting these thefts. C.S.H.B. 3368 seeks to deter theft of tubular steel used in the process of drilling and completing oil and gas wells by classifying oil and gas tubing as a form of regulated metal, which will make it harder to sell stolen pipe anonymously. This will also make it easier for law enforcement to track transactions involving potentially stolen oil and gas tubing.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Safety Commission in SECTION 5 of this bill.

ANALYSIS

C.S.H.B. 3368 amends the Occupations Code to classify "oil and gas tubing," defined by the bill as steel pipe with a nominal outside diameter between one inch and eight inches and a total length of 10 feet or longer, commonly used in the process of drilling and completing oil and gas wells, as regulated metal for purposes of provisions governing metal recycling entities. With respect to those provisions, the bill does the following:

- exempts from the application of the provisions a purchase or sale of oil and gas tubing by an organization whose primary business is the extraction, refining, or transport of oil and gas, or that has been issued a Railroad Commission of Texas operator number; and
- makes the recordkeeping and reporting requirements under the provisions applicable to a purchase of oil and gas tubing by a person whose primary business is purchasing and reselling oil and gas tubing to the same extent as a purchase of regulated material by a metal recycling entity.

C.S.H.B. 3368 increases from 15 to 16 the membership of the metal recycling advisory committee by adding to the committee an additional member appointed as a representative of industries that are impacted by theft of regulated material. The bill requires that at least one of those appointed members represent the oil and gas industry. The bill requires the public safety director of the Department of Public Safety to appoint the additional committee member as soon as practicable after the bill's effective date.

C.S.H.B. 3368 requires the Public Safety Commission to adopt rules to implement the bill's provisions.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3368 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced classified tubular steel used in the oil and gas industry as a regulated metal, the substitute instead classifies oil and gas tubing as such and defines that term as steel pipe with a nominal outside diameter between one inch and eight inches and a total length of 10 feet or longer, commonly used in the process of drilling and completing oil and gas wells.

The substitute includes a provision not in the introduced that excepts a purchase or sale of oil and gas tubing by certain organizations from statutory provisions governing metal recycling entities and revises the provision in the introduced regarding the applicability of certain recordkeeping and reporting requirements to a purchase of tubular steel products that have been used in the oil and gas industry by a person engaged in the business of purchasing and reselling those products to make that provision applicable instead to a purchase of oil and gas tubing by a person whose primary business is purchasing and reselling that product.

The substitute includes provisions regarding the appointment of an additional member to the metal recycling advisory committee that were not present in the introduced.

The substitute includes a requirement for the Public Safety Commission to adopt rules to implement the bill's provisions, whereas the introduced did not grant any rulemaking authority to any entity.