

BILL ANALYSIS

H.B. 263
By: Guillen
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, counties with significant oil and gas activity receive a significant amount of transportation infrastructure funding through transportation infrastructure fund grants designated for areas of the state affected by increased oil and gas production. The bill author has informed the committee that counties near these oil and gas producing areas also experience road damage from heavy truck traffic associated with oil and gas production but are often ineligible for significant support from the fund. H.B. 263 seeks to address this issue by changing the distribution of transportation infrastructure funds to better provide for counties adjacent to major production areas.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 263 amends the Transportation Code to revise the allocation of grants distributed to counties during a fiscal year from the transportation infrastructure fund for transportation infrastructure projects located in areas of Texas affected by increased oil and gas production as follows:

- lowers the amount allocated according to oil and gas production taxes from 20 percent to 15 percent;
- lowers the amount allocated according to horizontal well completions from 45 percent to 40 percent;
- lowers the amount allocated according to vertical well completions from 15 percent to 10 percent;
- designates 10 percent to be allocated according to regularly producing horizontal wells, determined by the ratio of regularly producing horizontal wells in the preceding fiscal year in a county adjacent to the county that applies for a grant from the fund to the total number of regularly producing horizontal wells in Texas in that fiscal year, as determined by the Railroad Commission of Texas (RRC), to be distributed equally among counties that are adjacent to the county where the production occurred and that have applied for a grant from the fund; and
- designates five percent to be allocated according to regularly producing vertical wells, determined by the ratio of regularly producing vertical wells in the preceding fiscal year in a county adjacent to the county that applies for a grant from the fund to the total number of regularly producing vertical wells in Texas in that fiscal year, as determined

by the RRC, to be distributed equally among counties that are adjacent to the county where the production occurred and that have applied for a grant from the fund.

EFFECTIVE DATE

September 1, 2025.