

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 21, 2025

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB143 by King (relating to the authority of the Railroad Commission of Texas and the Public Utility Commission of Texas to address a failure by an operator to maintain an electrical power line serving a well site or certain surface facilities in accordance with the National Electrical Code.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB143, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2027.

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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from Oil & Gas Regulation 5155</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,159,570)	11.0
2027	(\$1,077,070)	11.0
2028	(\$1,077,070)	11.0
2029	(\$1,077,070)	11.0
2030	(\$1,077,070)	11.0

Fiscal Analysis

The bill would amend the Natural Resources Code to expand the requirements for an operator when constructing, operating, and maintaining an electrical power line serving a well site or other surface facility employed in operations incident to oil and gas development and production beyond the National Electrical Code (NEC) to include ensuring the prevention and remediation in said electrical powerline poles of any readily observable deficiencies, including damage, deterioration, leaning, or cracking.

The bill would require the Railroad Commission (RRC) to notify the Public Utilities Commission (PUC) and the operator within three days if a condition is discovered during an inspection that would involve an electrical power line, pole, or any other related electrical equipment that does not meet the new standards and poses a risk of causing a fire or injury to a person. The bill would require the PUC and RRC to collaborate and notify the landowner of the condition and inform the landowner of the actions the commission and the Public Utility Commission of Texas will take to resolve the condition in accordance with the requirements of the bill no later than 10 days after the PUC receives the notification or 30 days after the PUC discovers the condition if the PUC does not have the landowner's contact information at the time of the discovery.

Methodology

According to the RRC, additional inspectors would be necessary to notify the landowner of the situation and the efforts necessary to resolve the situation as well as to escort a state fire marshal or a local government authority to the well site or surface facility to assist with their inspection.

For the purposes of this analysis, the table above assumes General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 (GRD 5155) would be used to cover the cost of implementing the provisions of the bill. If revenue collections and the GRD 5155 fund balance should become insufficient to pay for all costs, this analysis assumes that General Revenue Funds would be used instead.

Based on information provided by the RRC, it is assumed that \$1,159,570 would be required in fiscal year 2026 and \$1,077,070 in fiscal year 2027 and each fiscal year after to implement the provisions of the bill. Based on information provided by the RRC, 11.0 FTEs would also be required to implement the provisions of the bill. This includes salaries for 10.0 Engineering Specialist IIIs (\$662,545) and 1.0 Attorney III (\$102,980).

Amounts in the table above include salary costs totaling \$765,525 in fiscal year 2026 and each subsequent fiscal year; employee retirement benefits totaling \$217,562 in fiscal year 2026 and each subsequent fiscal year; agency payroll contributions totaling \$11,483 in fiscal year 2026 and each subsequent fiscal year; and other operating costs totaling \$165,000 in fiscal year 2026 and \$82,500 each subsequent fiscal year.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 455 Railroad Commission, 473 Public Utility Commission of Texas

LBB Staff: JMc, Tuf, MW, JOc, NV, CMA, WP