LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 6, 2025

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3334** by King (Relating to wildfire prevention, mitigation, and response at certain wells under the jurisdiction of the Railroad Commission of Texas; authorizing an administrative penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3334, As Introduced: a negative impact of ($52,534,301) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to *General Revenue Related Funds*
2026	($28,637,878)
2027	($23,896,423)
2028	($6,678,939)
2029	($6,533,310)
2030	($6,387,681)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	*Change in Number of State Employees from FY 2025*
2026	($28,637,878)	50.0
2027	($23,896,423)	50.0
2028	($6,678,939)	50.0
2029	($6,533,310)	50.0
2030	($6,387,681)	50.0

Fiscal Analysis

The bill would establish wildfire prevention, mitigation, and response requirements for certain wells under the jurisdiction of the Railroad Commission (RRC).

The bill would require annual wildfire safety inspections for active wells and related facilities. Operators would be required to hire state-certified third-party inspectors to identify fire risks, safety violations, and compliance issues. Inspection reports would be submitted to RRC and published online. Operators would have 30 days to complete remedial actions identified in the report, and would be responsible for costs associated with inspection and remediation.

The bill would require a wildfire compliance inspection before a well ownership transfer. The bill would prevent RRC from approving a proposed transfer if the well fails a follow up inspection after remediation efforts. The bill would also require RRC to assume control of orphaned, inactive, or noncompliant wells to ensure wildfire safety compliance and to to direct electric utilities to terminate power to wells determined to be orphaned, inactive, or not in compliance with state laws and regulations pertaining to susceptibility to wildfires.

The bill would require RRC to suspend or revoke operating permits for operators who fail to comply with inspection or remediation requirements. The bill would authorize RRC to impose an administrative penalty of up to $5,000 per violation per day and would allow the Attorney General to sue for penalty collection.

Methodology

Based on information from RRC, this analysis assumes that the bill would require $28,637,878 in General Revenue Funds in fiscal year 2026 and $23,896,423 in fiscal year 2027 with 50.0 FTEs each fiscal year to create a new program at the agency related to wildfire prevention. These costs are reflected in the table above. FTEs would include: 1.0 Director III ($124,606), 12.0 Compliance Analyst IIIs ($965,052), and 1.0 Administrative Assistant IV ($48,511) to develop guidelines used for wildfire rules and ensuring operator compliance with third-party wildfire safety inspections and communicating with RRC district offices for wildfire safety inspections for orphaned wells; 25.0 Inspector IVs ($1,343,062) for inspectors with experience and expertise in fire prevention to inspect orphaned wells; 7.0 Administrative Assistant IIIs ($307.395) to assist with communications with landowners and third party for remedial contractors; and 1.0 Attorney III ($102,980), 1.0 Administrative Law Judge II ($102,980), and 2.0 Legal Assistant IVs ($150,752) to handle enforcement activities and hearings for operator non-compliance.

Costs reflected in the table above also include $19,000,000 in fiscal year 2026 and $19,000,000 in fiscal year 2027 for tank battery cleanups, and $1,200,000 in each fiscal year after; $516,000 in fiscal year 2026 and $60,000 in each fiscal year after for electrical testing at orphaned well sites; $893,905 in fiscal year 2026 and each fiscal year after for employee benefits; $47,180 in fiscal year 2026 and each fiscal year after for the payroll contribution; and $750,000 in fiscal year 2026 and each fiscal year after for other operating expenses. Capital costs include $1,372,875 in fiscal year 2026 for trucks; $2,912,580 in fiscal year 2026 for IT costs, and $582,516 for the same in fiscal year 2028, $436,887 in fiscal year 2029, and $291,258 in fiscal year 2030. These IT costs would be associated with a new system to collect third party inspections and make them publicly available, operator compliance activities (including tracking well fire safety inspection reports, wells that are not compliant with inspection requirements, and well transfer requests), and tracking orphaned well inspections and remediation activities.

Based on information from the Office of the Attorney General, any costs associated with legal work resulting from the enactment of this bill could be absorbed with current resources.

Based on the analysis of the Comptroller of Public Accounts, revenues associated with penalty revenues established by bill would be deposited to the credit of the General Revenue Fund, but cannot be determined due to their dependence of RRC rulemaking and the new and extensive nature of the penalties. Revenues would also be dependent upon the number of violations which is unknown at this time.

Technology

This analysis assumes a technology impact of $2,912,580 in fiscal year 2026, $0 in 2027, $582,516 in 2028, $436,887 in 2029, and $291,258 in 2030. These IT costs would be associated with a new system to collect third party inspections and make them publicly available, operator compliance activities (including tracking well fire safety inspection reports, wells that are not compliant with inspection requirements, and well transfer requests), and tracking orphaned well inspections and remediation activities.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 455 Railroad Commission
LBB Staff: JMc, RStu, MW, JOc, CMA