

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 10, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3652 by LaHood (Relating to a study by the Railroad Commission of Texas regarding the creation of a strategic gas and petroleum product reserve in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3652, As Introduced: a negative impact of (\$800,000) 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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$800,000)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from General Revenue Fund 1
2026	(\$800,000)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

Fiscal Analysis

The bill would require the Railroad Commission (RRC) to conduct a study to determine the feasibility of creating, operating, and maintaining a strategic fuel reserve, and to submit a report on the results on the study to the Governor, Lieutenant Governor, the Speaker of the House of Representatives, and each member of the Legislature no later than September 30, 2026.

The bill would expire January 1, 2027.

Methodology

Based on information provided by the RRC, this analysis assumes that the bill would require \$800,000 professional services in fiscal year 2026 for an outside contractor to develop the study required by the bill in consultation with RRC staff. The cost estimate assumes a cost of \$200,000 to characterize the volume of fuel needed for a strategic reserve; \$200,000 to characterize the options for storage, including real estate; \$200,000 to characterize options for transportation and distribution; and \$200,000 to characterize options for purchasing and finance.

Technology

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JMc, RStu, MW, JOc