

## **BILL ANALYSIS**

H.B. 3973  
By: Walle  
Appropriations  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The oil and gas regulation and cleanup (OGRC) fund was created by the Texas Legislature in 2011 and consists of fees and penalties collected from the oil and gas industry. The Railroad Commission of Texas (RRC) uses the OGRC fund to pay for its oversight of the oil and gas industry, yet a number of issues regarding the structure of the fund have been brought to light that require legislative action to ensure that the fund is operating efficiently and effectively.

Currently, the RRC must use the OGRC fund to pay for employee benefits and benefit-related costs, which decreases the available revenue to carry out the commission's oversight responsibilities. Notably, unlike the interest earned by other state-administered funds, the interest earned by the OGRC fund is deposited to the state's treasury rather than being reinvested into the fund. Moreover, certain administrative penalties and costs collected by the RRC are still required by law to be deposited to the oil-field cleanup fund, which was abolished a decade ago and replaced with the OGRC fund, and the money collected is currently going to the general revenue fund instead of the OGRC fund.

H.B. 3973 seeks to address these issues and ensure that the OGRC fund is properly funded, allowing the RRC to perform proper oversight of the state's oil and gas industry.

### **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. 3973 amends the Natural Resources Code to do the following with respect to the oil and gas regulation and cleanup (OGRC) fund:

- provide for all costs, penalties, and fees collected by the Railroad Commission of Texas in relation to oil and gas and pipeline safety to be deposited or paid into the OGRC fund;
- specify that the purposes for which money in the OGRC fund may be used include regulation of geologic storage facilities and associated anthropogenic carbon dioxide injection wells, including inspection, monitoring, investigation, recording, plugging, remediation, and enforcement, and the administration of those activities;
- exempt the OGRC fund from provisions providing for the reallocation of interest accrued on certain dedicated revenue to the general revenue fund;
- clarify that the OGRC fund is an interest-bearing fund and require interest earned on the money in the fund to be deposited to the credit of the OGRC fund;

- prohibit money in the OGRC fund from being used to pay employee benefits or benefit-related costs and exempt the fund from any applicable employee benefits proportionality requirement; and
- replace certain obsolete references to the former oil-field cleanup fund with references to the OGRC fund.

H.B. 3973 consolidates the anthropogenic carbon dioxide storage trust fund and the OGRC fund by abolishing the trust fund and providing for money remaining in the trust fund, claims against the trust fund, and forthcoming deposits to the trust fund to be transferred or deposited to the OGRC fund, as appropriate. The bill requires that any money transferred from the trust fund to the OGRC fund that was deposited in the trust fund as a gift, grant, or other form of assistance, and is encumbered by the specific terms of the gift, grant, or other form of assistance, be spent only in accordance with those terms.

H.B. 3973 amends the Government Code, the Utilities Code, and the Water Code to make conforming changes.

H.B. 3973 repeals Sections 121.003(a), (b), and (d), Natural Resources Code.

**EFFECTIVE DATE**

September 1, 2021.