HOUSE
RESEARCH
ORGANIZATION bill analysis 5/13/97

HB 3471
Eiland
(CSHB 3471 by Merritt)

SUBJECT: Administrating oil overcharge funds

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 5 ayes — Holzheauser, Hawley, Driver, Merritt, Moffat

0 nays

4 absent — Davis, Smithee, Torres, Wilson

WITNESSES: For — None

Against — None

On — Karen Raven and Tobin Harvey, State Energy Conservation Office, General Services Commission

BACKGROUND: The Oil Overcharge Restitutionary Act gave the the Governor's Office power and discretion to finance projects using oil overcharge funds and to determine the supervising agency for each competitive grant. A review committee made up of the governor, the lieutenant governor and the speaker of the House was formed to review all grant proposals. Currently, the oil overcharge funds are administered by the State Energy Conservation Office (SECO) of the General Services Commission. The SECO also supervises many programs funded by oil overcharge funds, including the alternative fuels program and the local government energy program. Oil overcharge funds are made up of the proceeds from federal court settlements of alleged federal price control violations by oil companies involving crude oil and refined petroleum products between 1973 and 1981.

DIGEST: CSHB 3471 would formally shift responsibility for administering the oil overcharge fund from the Governor's Office to the SECO. The bill would also eliminate the review committee; SECO and the governor would be allowed to establish direct grant programs. The SECO would be required to establish a revolving loan program with oil overcharge funds for the benefit of state agencies, universities and political subdivisions.

The SECO would be officially designated as the supervising agency for the state agencies program, alternative fuels program, housing partnership program, renewable energy program, local government energy program and transportation energy program and would be allowed to fund various projects under each program. The office could charge a fee for the costs of programs administered. It would be required to submit a report to the governor and the Legislature every two years.

The bill also would transfer administration of the loanstar revolving loan program from the governor to the SECO. The SECO would be required to award 85 percent of loanstar loans to state agencies, institutions of higher education, public schools or political subdivisions and to allocate $95 million to the program. The bill also would delete from the list of projects eligible for the program transportation providers, agricultural producers, and low to moderate individuals and include on the list medium sized businesses and public non-profit hospitals or health care facilities.

The bill would take effect September 1, 1997.

SUPPORTERS SAY:

CSHB 3471 would clean up outdated oil overcharge fund provisions and streamline programs at the General Services Commission, including the concurrence process. A review committee is no longer needed to oversee the funding process because the settlement money is running out. The bill also would repeal certain oil overcharge programs no longer funded by SECO.

The bill would give SECO legal authority for programs that it already is administering. The governor has already delegated administration of the oil overcharge fund to the SECO, and the office has been supervising many related energy programs, such as the alternative fuels program and the transportation energy program.

OPPONENTS SAY:

No apparent opposition.

NOTES: An identical bill, SB 1906 by Ratliff, passed the Senate on the Local and Uncontested Calendar on May 5 and was reported favorably by the House Energy Resources Committee on May 6, making it eligible to be considered in lieu of HB 3471.