

SUBJECT: Creating commission to study needs of areas with oil and gas production

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 23 ayes — Zerwas, Longoria, C. Bell, G. Bonnen, Buckley, Capriglione, Cortez, Hefner, Howard, Miller, Minjarez, Muñoz, Rose, Schaefer, Sheffield, Sherman, Smith, Stucky, Toth, VanDeaver, Walle, Wilson, Wu

0 nays

4 absent — S. Davis, M. González, Jarvis Johnson, J. Turner

WITNESSES: For — Matthew Thompson, Apache Corporation; James Beauchamp, MOTRAN; Ben Shepperd, Permian Basin Petroleum Association; Todd Staples, Texas Oil and Gas Association; Ed Longanecker, TIPRO; (*Registered, but did not testify:* Steven Albright, AGC of Texas-Highway Heavy Branch; Lauren Spreen, Apache Corporation; Janiece Crenwelge, Association of Energy Service Companies; Paula Bulcao, BP America, Inc.; Steve Perry and Julie Williams, Chevron USA; Royce Poinsett, Cimarex; Stan Casey, Concho Resources; Betsy Madru, Diamondback Energy; Caleb Troxclair, EOG Resources, Parsley Energy; Taylor Landin, Greater Houston Partnership; Chris Hosek, Halliburton, Texas Royalty Council; Julie Moore, Occidental Petroleum; Bill Stevens, Panhandle Producers and Royalty Owners Association, Texas Alliance of Energy Producers; Michael Lozano, Permian Basin Petroleum Association; Mia Hutchens, Texas Association of Business; Lauren Fairbanks, Texas Association of Manufacturers; Ryan Paylor, Texas Independent Producers and Royalty Owners Association; Calvin Tillman; Al Zito)

Against — None

On — (*Registered, but did not testify:* Rob Coleman, Comptroller of Public Accounts)

BACKGROUND: Interested parties have called for a study on the infrastructure needs of areas of Texas affected by oil and gas production and the cost to address

those needs. Such a study could make recommendations on how to spend money in the GROW Texas fund if HJR 82 by Craddick, which would create the fund, was approved by Texas voters.

DIGEST:

CSHB 2154 would establish the Generate Recurring Oil Wealth for Texas (GROW Texas) commission to study the needs of areas of the state significantly affected by oil and gas production, including infrastructure, safety, and educational needs. The commission also would make recommendations to the Legislature about appropriating funds from the GROW Texas fund created under Section 49-g-3, Article 3, Texas Constitution.

The commission would be composed of seven members. The lieutenant governor would appoint two members of the Senate to the commission, and House speaker would appoint two members of the House to the commission. The governor would appoint three public members and would designate the presiding officer.

The governor's appointees would have to live in areas of the state from which oil and gas were produced and include at least one member of the business community and one member of the civic community. At least one of the lieutenant governor's and one of the speaker's appointees would have to represent an area of the state from which oil and gas were produced.

The governor, lieutenant governor, and House speaker would have to coordinate to ensure that appointments to the commission reflected, to the extent possible, the ethnic and geographic diversity of the state. Appointments would have to be made by the 30th day after the bill's effective date.

The commission would be required to develop recommendations to address issues related to:

- the specific needs of areas of the state from which oil and gas were produced, including needs related to infrastructure degradation

- caused by oil and gas production, increased public health and safety needs, and education and workforce training needs; and
- the costs to political subdivisions to address these needs.

The commission could hold public meetings and would be subject to Government Code provisions for open meetings and public information.

By December 31, 2020, the commission would have to prepare and deliver a report to the governor and the Legislature that recommended statutory changes to address the needs of areas of the state significantly affected by oil and gas production and the appropriation of funds dedicated for those purposes. The commission would be abolished February 1, 2021.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.

NOTES:

CSHB 2154 is the enabling legislation for HJR 82 by Craddick, which was reported engrossed by the House on May 2. HJR 82 would establish the Generate Recurring Oil Wealth for Texas fund and redirect certain transfers of general revenue that currently go to the Economic Stabilization Fund to the new fund. The fund could be used only for infrastructure needs in areas affected by oil and gas production.