

BILL ANALYSIS

Senate Research Center

C.S.S.B. 632
By: Brown
Natural Resources
2-28-97
Committee Report (Substituted)

DIGEST

Currently, the Railroad Commission has the authority to require reclamation plant and commercial disposal facility operators (operators), to ensure that these plants are properly operated and closed, to show evidence of financial responsibility by submitting a bond or letter of credit in the amount of \$100,000, or a lesser amount if the operator shows that the lesser amount will be sufficient to properly operate and close the facility. However, these bonds and letters of credit have been difficult, if not impossible, for many of these operators to obtain. This bill will provide for the payment of a nonrefundable annual fee in lieu of a bond or other form of financial security of a person applying for or acting under a Railroad Commission permit to store, handle, treat, reclaim, or dispose of oil and gas waste.

PURPOSE

As proposed, C.S.S.B. 632 provides for the payment of a nonrefundable annual fee in lieu of a bond or other form of financial security of a person applying for or acting under a Railroad Commission permit to store, handle, treat, reclaim, or dispose of oil and gas waste.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.109, Texas Natural Resources Code, to authorize the Railroad Commission (commission), in lieu of a bond or another form of financial security, to allow a person to pay to the commission a nonrefundable annual fee in an amount determined by the commission not to exceed five percent of the bond that would otherwise be required.

SECTION 2. Amends Section 91.1091, Texas Natural Resources Code, to require the commission, except as provided by Subsection (b), to refund the proceeds from a bond or other fund of security required by this subchapter in certain circumstances. Prohibits the commission from refunding fees paid to the commission in lieu of a bond under this subchapter.

SECTION 3. Amends Section 91.111(c), Texas Natural Resources Code, to provide that the Oil-Field Cleanup Fund consists, among others, of fees collected under Section 91.109 of this code.

SECTION 4. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Section 91.109, Natural Resources Code, previously designated as proposed SECTION 2, to authorize the commission to determine the amount of the annual fee, but it is not to exceed five percent of the bond that would otherwise be required.

Amends SECTION 2, Section 91.1091, Natural Resources Code, previously designated as proposed

SECTION 3, to require the commission, except as provided by Subsection (b), to refund certain proceeds from a bond or other form of security. Prohibits the commission from refunding fees paid in lieu of a bond. Makes a conforming change.

Amends SECTION 3, Section 91.111(c), Natural Resources Code, previously designated as SECTION 1.

Amends SECTION 4, to provide that the effective date is September 1, 1997, and make application of this Act prospective. Deletes emergency clause.

Adds SECTION 5, to invoke the emergency clause.