

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 4025
By: Keffer; Guillen (Uresti)
Transportation
5/13/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.H.B. 4025 will be identical to S.B. 1875, which has already passed out of the Senate Transportation Committee. C.S.H.B. 4025 makes the constitutional change of "zone" to "county" in order to alleviate the concerns of the Attorney General of the State of Texas.

C.S.H.B. 4025 revises the criteria for transportation grants as laid out in S.B. 1747 (83rd Legislature, Regular Session, 2013), to better reflect the purpose of the funds. S.B. 1747 was passed to provide relief to counties that have experienced road damage due to the truck traffic brought by oil and gas exploration. However, after two years of trail-and-error it has become clear that the criteria can be refined to ensure that the money is going where it is most needed.

In Subsection 1, C.S.H.B. 4025 mandates that weight tolerance permits must be related to oil and gas activities when being used to factor grant rewards. This is to ensure that the funds are used as intended, to compensate for oil and gas related traffic rather than unrelated traffic. In Subsection 3, language is modified so that horizontal wells are weighed much higher against vertical wells. This is due to the fact that horizontal wells can require more than five times the number of trucks in the drilling process. In Subsection 4, the volume criteria is modified to gauge the number of sites, a more accurate measure of truck traffic.

In the rest of the bill, criteria is modified to add new reporting requirements, to allow the Texas Department of Transportation to spend more on the administration of the program, widen the area in which projects may be completed to encompass the county, and restrict the amount that counties may spend on administration to \$100,000. These are all changes in response to issues that have arisen in the two years following S.B. 1747.

C.S.H.B. 4025 will "clean-up" the administration language of S.B. 1747 in order to ensure that that funds are administered smoothly and that they go to their intended purpose.

C.S.H.B. 4025 amends current law relating to funding to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production, including money from county energy transportation reinvestment zones.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 222.1071(b), (f), (i), and (m), Transportation Code, as follows:

(b) Authorizes a county, after determining that an area is affected because of oil and gas exploration and production activities and would benefit from funding under Chapter 256 (Funds and Taxes for County Roads), by order or resolution of the commissioners court to take certain actions, including to designate a contiguous geographic area in the jurisdiction of the county to be a county energy transportation reinvestment zone to promote one or more transportation infrastructure projects, as that term is defined by Section 256.101 (Definitions), located in the county, rather than in the zone.

(f) Requires that the order or resolution designating an area as a county energy transportation reinvestment zone take certain actions, including, if two or more counties are designating a zone for the same transportation infrastructure project or projects, include a finding that the project or projects will benefit the property and residents located in the counties, rather than zone.

(i) Authorizes the county to:

(1) use money in the tax increment account to provide funding for one or more transportation infrastructure projects located in the county, rather than the zone;

(2) apply for grants under Subchapter C (Transportation Infrastructure Fund), Chapter 256, rather than under Subchapter C, Chapter 256, subject to Section 222.1072 (Advisory Board of County Energy Transportation Reinvestment Zone);

(3) use one percent, rather than five percent, of any grant distributed to the county under Subchapter C, Chapter 256, for the administration of a county energy transportation reinvestment zone, not to exceed \$100,000, rather than not to exceed \$250,000; and

(4) and (5) Makes no change to these subdivisions.

(m) Authorizes the commissioners court of a county to enter into an agreement with the Texas Department of Transportation (TxDOT) to designate a county energy transportation reinvestment zone under this section for a specified transportation infrastructure project involving a state highway located in the county, rather than in the proposed zone.

SECTION 2. Amends Sections 22.1072(a) and (b), Transportation Code, as follows:

(a) Authorizes a county to create an advisory board, rather than provides that a county is eligible to apply for a grant under Subchapter C, Chapter 256, if the county creates an advisory board, to advise the county on the establishment, administration, and expenditures of a county energy transportation reinvestment zone. Makes no further change to this subsection.

(b) Provides that the advisory board of a county energy transportation reinvestment zone, except as provided by Subsection (c) (providing that county energy transportation reinvestment zones that are jointly administered are advised by a single joint advisory board for the zones), consists of the following members appointed by the county judge and approved by the county commissioners court:

(1) up to three oil and gas company representatives who perform a company activity or related service, rather than up to three oil and gas company representatives who perform company activities in the county and are local taxpayers; and

(2) two public members.

SECTION 3. Amends Section 251.018, Transportation Code, as added by Chapter 1372 (S.B. 1747), Acts of the 83rd Legislature, Regular Session, 2013, as follows:

Sec. 251.018. ROAD REPORTS. Requires that a road condition report made by a county that is operating under a system of administering county roads under Chapter 252 (Systems of County Road Administration) or a special law, including a report made under Section 251.005 (Commissioner's Road Report), include the primary cause of any road, culvert, or bridge degradation if reasonably ascertained along with a brief description of the degradation.

SECTION 4. Amends Sections 256.101(3) and (4), Transportation Code, to redefine "weight tolerance permit" and "well completion."

SECTION 5. Amends Section 256.103(b), Transportation Code, as follows:

(b) Requires that grants distributed during a fiscal year be allocated among counties as follows:

(1) and (2) Makes no change to these subdivisions;

(3) 10 percent, rather than 50 percent, according to vertical well completions, determined by the ratio of vertical well completions in the preceding fiscal year in the county that designated a county energy transportation reinvestment zone to the total number of vertical well completions in the state in that fiscal year, as determined by the Railroad Commission of Texas (railroad commission);

(4) 40 percent according to horizontal well completions, determined by the ratio of horizontal well completions in the preceding fiscal year in the county that designated a county energy transportation reinvestment zone to the total number of horizontal well completions in the state in that fiscal year, as determined by the railroad commission; and

(5) 10 percent according to the total number of oil and gas waste disposal wells as defined by the railroad commission, determined by the ratio of the total number of oil and gas waste disposal wells in the last full year for which the railroad commission has a report for commercial disposal wells in the county that designated a county energy transportation reinvestment zone to the total number of oil and gas waste disposal wells in the state in that year, as determined by the railroad commission, rather than 10 percent according to the volume of oil and gas waste injected, determined by the ratio of the volume of oil and gas waste injected in the preceding fiscal year in the county that designated a county energy transportation reinvestment zone to the total volume of oil and gas waste injected in the state in that fiscal year, as determined by the railroad commission. Creates Subdivision (5) from existing text.

SECTION 6. Amends Section 256.106, Transportation Code, as follows:

Sec. 256.106. PROGRAM ADMINISTRATION. (a) Requires a county that makes a second or subsequent application for a grant from TxDOT under this subchapter to provide an update on and brief description of the status of all uncompleted transportation infrastructure projects. Makes nonsubstantive changes.

(b) Authorizes TxDOT to use one percent, rather than one-half of one percent, of the amount deposited into the transportation infrastructure fund in the preceding fiscal year, not to exceed \$500,000 in a state fiscal biennium, to administer this subchapter.

SECTION 7. Effective date: September 1, 2015.