

BILL ANALYSIS

Senate Research Center
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H.B. 2333
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law authorizes a municipality to lease oil and gas or mineral land that it owns, in the manner and on the terms that the governing body of the municipality determines, for the benefit of the municipality, but the municipality may not lease under this section a "street, alley, or public square in a municipality."

The prohibition of cities leasing public streets, alleys, or city squares is a remnant of the days when oil wells were drilled with derricks onsite, and development in boomtowns, such as Kilgore and Borger, resulted in rigs blocking public roads and otherwise interfering with governmental functions. Recent improvements in oil and gas drilling technology have increased the ability to deviate a bottom hole location from a remote surface location or drill horizontally over significant distances and have made drilling in urban areas possible without disturbing streets or public areas, as evidenced by the ongoing drilling within the City of Fort Worth.

This bill authorizes municipalities to lease minerals owned by cities under their streets, alleys, and public squares so long as the lease prohibits any use of the surface of such properties in the lease. This would allow cities to benefit from bonuses and royalties from leasing these city mineral rights.

H.B. 2333 amends current law relating to the lease of certain oil, gas, or mineral land by a municipality.

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 Section 253.005(b), Local Government Code, to authorize, rather than prohibit, a municipality to lease under this section a street, alley, or public square in the municipality if the lease prohibits the lessee from using the surface of the land for drilling, production, or other operations. Provides that in this subsection, "public square" does not include a dedicated public park.

SECTION 2. Effective date: upon passage or September 1, 2009.