

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1589
By: Zaffirini
Natural Resources & Economic Development
4/7/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Unclaimed mineral proceeds are generated when a mineral production company cannot identify or locate a mineral rights owner for a particular well or property. After three years, the unclaimed proceeds become subject to state unclaimed property law, which requires a holder of unclaimed minerals proceeds to submit them to the Comptroller of Public Accounts of the State of Texas (comptroller).

In 2013 the legislature created the Unclaimed Mineral Proceeds Commission (UMPC) to study and provide recommendations regarding the distribution of unclaimed mineral proceeds that are delivered to the comptroller. The comptroller reported in December, 2014, that \$410 million in reported unclaimed mineral proceeds were available to be claimed, but information related to the wells or properties which generated the mineral proceeds is not available. Accordingly, the UMPC included in its recommendations that the legislature consider increasing reporting requirements for unclaimed mineral proceeds to include property-specific information.

Current law requires a holder of unclaimed mineral proceeds only to submit any available information about the last known owner of the proceeds. If the holder only knows the last name of the owner or the social security number, that is the only information submitted to the comptroller's Unclaimed Property Division along with the unclaimed mineral proceeds.

Current law does not require holders to submit information related to the property or well from which the proceeds were generated. Without property-specific information attached to mineral proceeds submitted to the comptroller as unclaimed property, it is difficult for persons who have inherited property or mineral rights to determine whether unclaimed mineral proceeds were generated by a well on property to which they inherited the mineral rights.

C.S.S.B. 1589 would require that a holder of unclaimed mineral proceeds include information related to the well, lease, and property from which the unclaimed mineral proceeds were generated in the unclaimed property report attached to the proceeds. C.S.S.B. 1589 would take effect on January 1, 2016.

C.S.S.B. 1589 amends current law relating to requirements for reporting unclaimed mineral proceeds to the comptroller of public accounts.

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 74.101, Property Code, by adding Subsection (e), as follows:

(e) Requires a holder of mineral proceeds under Chapter 75 (Texas Minerals) that is regulated by the Railroad Commission of Texas under Chapter 91 (Provisions Generally Applicable), Natural Resources Code, to include in the property report for the proceeds, in addition to the information listed in Subsection (c) (relating to the requirements of the property report), the following information with respect to each well the production from which resulted in the proceeds:

- (1) the lease, property, or well name;
- (2) any lease, property, or well identification number used to identify the lease, property, or well;
- (3) the county in which the lease, property, or well is located;
- (4) the survey name for the location of the well; and
- (5) from the Railroad Commission of Texas Form W-1 (Application for Permit to Drill, Deepen, Plug-back or Re-enter):
 - (A) the General Land Office abstract number for the location of the well;
and
 - (B) the global positioning system coordinates for the location of the well.

SECTION 2. Makes application of Section 74.101(e), Property Code, as added by this Act, prospective.

SECTION 3. Effective date: January 1, 2016.