

BILL ANALYSIS

Senate Research Center

S.B. 951
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As oil and gas is extracted, companies pay royalties and lease fees to the state for the minerals that reside under state land. Initially, the commissioner of the General Land Office collects these royalty and lease payments that are then deposited into General Revenue.

S.B. 951 modifies the Natural Resources Code for royalty and lease payments from minerals that reside under lands owned by counties, such as county roads, and directs the funds to be paid to the counties to be used for road maintenance and construction only. In areas of the state experiencing heavy oil and gas development, there is not enough county funding to keep up with the rapid road degradation. Having access to the royalty and lease payments for lands under county roads to maintain those roads will provide a small amount of relief to our energy sector counties.

As proposed, S.B. 951 amends current law relating to allocation of oil and gas lease and royalty payments derived from land deeded to Texas counties for road purposes.

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 Subtitle D, Chapter 51, Subchapter G, Section 51.300, Natural Resources Code, as follows:

Sec. 51.300. DISPOSITION OF INCOME. Requires that income received by the commissioner of the General Land Office (commissioner) under this subchapter from public school land be credited to the permanent school fund. Requires that other income received by the commissioner on other land under this subchapter be credited to the General Revenue Fund, with the exception of mineral interests, including oil and gas lease payments or royalty payments derived from lands owned in fee by a Texas County, as recorded in the County Deed Records, to be remitted in full to the County where any production under the lease occurs, to be used by the County for road purposes only.

SECTION 2. Effective date: September 1, 2015.