

## **BILL ANALYSIS**

Senate Research Center  
84R23832 JAM-F

C.S.S.B. 951  
By: Uresti; Kolkhorst  
Finance  
4/21/2015  
Committee Report (Substituted)

### **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. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 951 amends current law relating to the allocation and use of payments received under oil and gas leases of land owned by the state for a county road.

### **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 the heading to Section 32.201, Natural Resources Code, to read as follows:

Sec. 32.210. PREFERENTIAL RIGHT TO LEASE CERTAIN LAND BY ADJOINING MINERAL OWNER; ALLOCATION AND USE OF PAYMENTS RECEIVED FROM LEASING OF LAND OWNED FOR COUNTY ROAD.

SECTION 2. Amends Section 32.201, Natural Resources Code, by adding Subsections (i) and (j), as follows:

(i) Requires that, subject to Subsection (j), any payment received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road be deposited to the credit of the county road oil and gas fund as provided by Section 32.2015.

(j) Requires that a lease of oil and gas under land described by Subsection (i) that is entered into on or after September 1, 2015, notwithstanding any other provision of law, require any payment under the lease to be made directly to the county treasurer, or officer performing the function of that office, in the county in which the land is located for deposit to the credit of the county road and bridge fund of the county to be used for the purposes described by Section 32.2015(d).

SECTION 3. Amends Subchapter F, Chapter 32, Natural Resources Code, by adding Section 32.2105, as follows:

Sec. 32.2105. FUND. (a) Provides that the county road oil and gas fund is a trust fund outside the state treasury to be held and administered by the comptroller of public accounts of the State of Texas as trustee for the payment, without appropriation, to counties of money received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(b) Requires the General Land Office to deposit to the credit of the fund money received under Section 32.201(i) from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(c) Requires that interest or other income from investment of the fund be deposited to the credit of the fund.

(d) Requires that money in the fund received from the leasing of oil and gas under lands described by Subsection (b) located in a county, together with the interest or other income from investment of that money deposited to the credit of the fund, be disbursed at least twice each fiscal year, without appropriation, to the county treasurer or officer performing the function of that office. Requires the county treasurer or officer to deposit amounts received under this subsection to the credit of the county road and bridge fund of the county. Requires that money deposited to the credit of that fund under this subsection be used by the county only for road maintenance purposes.

SECTION 4. Repealer: Section 52.025 (Disposition for Lease Payments), Natural Resources Code.

SECTION 5. Effective date: upon passage or September 1, 2015.