

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 3973  
By: Walle (Nichols)  
Finance  
5/21/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The committee substitute for H.B. 3973 creates a joint interim committee to study matters related to abandoned oil and gas wells in this state, including the costs associated with plugging abandoned wells and bonding requirements imposed on owners or operators of oil and gas wells; identify potential solutions to reduce the need for general revenue spending to plug abandoned wells; conduct a review of the oil and gas regulation and cleanup fund, evaluate and identify other sources of potential revenue, including federal funds and other existing taxes and fees paid to the benefit of the state which could be utilized to meet the goals of the committee.

C.S.H.B. 3973 amends current law relating to a study on abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.

### **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. (a) Provides that a joint interim committee (committee) is created to study abandoned oil and gas wells in this state and the use of the oil and gas regulation and cleanup fund.

(b) Requires the committee to be composed of:

- (1) five members appointed by the lieutenant governor; and
- (2) five members appointed by the speaker of the Texas House of Representatives (house);

(c) Requires the committee to convene at the call of the presiding officer.

(d) Provides that the committee has all other powers and duties provided to a special or select committee by the rules of the Texas Senate (senate) and house, by Subchapter B (Committees and Committee Procedure), Chapter 301 (Legislative Organization), Government Code, and by policies of the senate and house committees on administration.

(e) Requires the lieutenant governor and the speaker of the house, not later than the 60th day after the effective date of this Act, to appoint the members of the committee created under this section.

(f) Requires the committee to:

- (1) study matters related to abandoned oil and gas wells in this state, including the costs associated with plugging abandoned wells and bonding requirements imposed on owners or operators of oil and gas wells;
- (2) identify potential solutions to reduce the need for general revenue spending to plug abandoned wells;
- (3) conduct a review of the oil and gas regulation and cleanup fund, including:

(A) revenue sources of the fund;

(B) projected revenue for the fund through fiscal year 2025 based on the fund's existing fee and fine structure; and

(C) an assessment of the rules and statutory limits that determine the amount of the fees and fines that contribute to the fund; and

(4) evaluate and identify other sources or potential revenue, including federal funds and other existing taxes and fees paid to the benefit of the state which could be utilized to meet the goals of the committee.

(g) Requires the Railroad Commission of Texas (RRC) to provide information to the committee necessary to conduct the study under Subsection (f) of this section, including information related to:

(1) budget and performance measures of RRC and fees and fines collected by the railroad commission; and

(2) any regulatory or statutory changes needed to assure adequate operating revenue for RRC, including revenue used to plug abandoned oil and gas wells.

(h) Requires the committee, not later than December 1, 2022, to report the committee's findings and recommendations to the legislature.

(i) Provides that the committee is abolished and this section expires January 1, 2023.

SECTION 2. Effective date: September 1, 2021.