SUBJECT: Allocating a portion of severance tax revenue to counties for roads

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 11 ayes — D. Bonnen, Y. Davis, Bohac, Darby, E. Johnson, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

WITNESSES: For — Daryl Fowler, County of DeWitt, Eagle Ford Shale County Coalition of DeWitt, Gonzales, Karnes, McMullen, and Victoria counties; Shelby Dupnik, Karnes County; Ben Sebree, Permian Basin Petroleum Association; (*Registered, but did not testify*: Adrian Acevedo, Anadarko Petroleum; Matthew Thompson, Apache Corporation; Paula Barnett, BP America; Mark Harmon, Chesapeake Energy; Julie Williams, Chevron; Steve Perry, Chevron USA; Tom Sellers, ConocoPhillips; Jim Allison, County Judges and Commissioners Association of Texas; Gavin Massingill, Denbury Resources; Kinnan Golemon, Devon Energy; Kim Halfmann, Glasscock County; P.T. (Pat) Calhoun, Goliad County; Tully Shahan, Kinney County; Kent Pollard, Matagorda County Commissioner Court; Jody Richardson, Plains All American Pipeline LP; Mark Mendez, Tarrant County; Ender Reed, Texas Association of Counties; Donald Lee, Texas Conference of Urban Counties; Lindsey Miller, Texas Independent Producers and Royalty Owners Association; Shannon Rusing, Texas Oil and Gas Association; Tricia Davis, Texas Royalty Council)

Against — None

BACKGROUND: Tax Code, sec. 201.404 and sec. 202.353 provide that 25 percent of gas and oil severance tax revenue is dedicated to the credit of the Foundation School Fund. Of the remaining 75 percent, 25 percent goes to general revenue and 75 percent is split equally between the Economic Stabilization Fund and the State Highway Fund.

DIGEST: CSHB 4231 would dedicate 2 percent of total severance tax revenue to a new severance tax trust fund outside the state treasury and administered by the comptroller. Money within the trust fund would be returned to the county where the revenue was collected in proportion to the amount of revenue produced in each. A county could use the money only to supplement construction and maintenance of county roads and bridges impacted by oil and gas exploration and production.

The bill would take effect September 1, 2019, and would apply only to tax revenue collected on or after that date.

NOTES: The Legislative Budget Board estimates that the bill would have a negative impact to general revenue related funds of about $140 million each biennium beginning in fiscal 2020-21.