

## **BILL ANALYSIS**

C.S.H.B. 129  
By: Craddick  
Energy Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note that several payors of proceeds derived from the sale of oil or gas production have opted to use an online service to provide standard royalty reporting information to royalty interest owners. The parties report, however, that some owners have security concerns and do not wish to access the information online. C.S.H.B. 129 seeks to address this issue by requiring certain consent regarding the provision of such information.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 129 amends the Natural Resources Code to specify that the option for a payor to include standard royalty reporting information for a payment made to a royalty interest owner from the proceeds derived from the sale of oil or gas production pursuant to a division order, lease, servitude, or other agreement on a remittance advice other than the check stub or an attachment to the payment form applies to a remittance advice that accompanies the payment. The bill requires a payor who makes a payment to a royalty interest owner by a paper check delivered by mail or by means of a private delivery service to obtain the royalty interest owner's written consent to provide the information in a manner other than by including the information on the check stub, an attachment to the payment form, or another remittance advice that accompanies the payment before the payor may provide the information in some other manner.

### **EFFECTIVE DATE**

September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 129 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 91.506, Natural Resources Code, is amended to read as follows:

No equivalent provision.

Sec. 91.506. EXEMPTION. If the payor obtains the written consent of the royalty interest owner to provide the information required by Section 91.502 ~~[is provided]~~ in some other manner and the payor provides the information in that manner on a monthly basis, the payor is not required to include the information on the check stub, attachment to the payment form, or other remittance advice.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 91.501 and 91.506, Natural Resources Code, are amended to read as follows:

Sec. 91.501. INFORMATION REQUIRED. If payment is made to a royalty interest owner from the proceeds derived from the sale of oil or gas production pursuant to a division order, lease, servitude, or other agreement, the payor shall include the information required by Section 91.502 on the check stub, an attachment to the payment form, or another remittance advice that accompanies the payment.

Sec. 91.506. EXEMPTION. (a) Except as provided by Subsection (b), if [H] the information required by Section 91.502 is provided in some other manner on a monthly basis,

the payor is not required to include the information on the check stub, an attachment to the payment form, or another [other] remittance advice that accompanies the payment.

(b) If payment is made to the royalty interest owner by a paper check delivered by mail or by means of a private delivery service, the payor may not provide the information required by Section 91.502 in a manner other than by including the information on the check stub, an attachment to the payment form, or another remittance advice that accompanies the payment unless the payor obtains the written consent of the royalty interest owner to provide the information in some other manner.

SECTION 2. This Act takes effect September 1, 2017.