

- SUBJECT:** Funding, using money in the oil and gas regulation and cleanup fund
- COMMITTEE:** Appropriations — favorable, without amendment
- VOTE:** 22 ayes — Bonnen, M. González, Ashby, C. Bell, Capriglione, Dean, Dominguez, Gates, Holland, Howard, A. Johnson, Jarvis Johnson, Morrison, Raney, Rose, Stucky, E. Thompson, Toth, VanDeaver, Walle, Wilson, Wu
- 1 nay — Schaefer
- 4 absent — Julie Johnson, Minjarez, Sherman, Zwiener
- WITNESSES:** For — Cyrus Reed, Lone Star Chapter Sierra Club; (*Registered, but did not testify*: Ender Reed, Harris County Commissioners Court; Jason Modglin, Texas Alliance of Energy Producers; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO))
- Against — None
- On — (*Registered, but did not testify*: Corey Crawford and Jeremy Mazur, Railroad Commission)
- BACKGROUND:** Natural Resources Code sec. 81.067 establishes the oil and gas regulation and cleanup fund as an account in the general revenue fund of the state treasury that consists of fees and penalties collected from the oil and gas industry. Money in the fund may be used by the Railroad Commission for any purpose related to the regulation of oil and gas.
- Some have suggested that the structure of the fund should be addressed to ensure it is properly funded to allow the commission to perform oversight of the state's oil and gas industry.
- DIGEST:** HB 3973 would provide for all costs, penalties, and fees collected by the Railroad Commission in relation to oil and gas regulatory efforts to be deposited or paid into the oil and gas regulation and cleanup (OGRC)

fund.

The OGRC fund would be exempt from provisions relating to the reallocation of interest accrued on certain dedicated revenue to the general revenue fund. The bill would specify that the OGRC fund was an interest-bearing fund, and interest earned on money in the fund would have to be deposited to the credit of the fund.

Money in the OGRC fund could not be used to pay employee benefits or benefit-related costs, and the fund would be exempt from any applicable employee benefits proportionality requirement.

The bill would expand the use of the OGRC fund to include regulation of geologic storage facilities and associated anthropogenic carbon dioxide injection wells, including inspection, monitoring, investigation, recording, plugging, remediation, and enforcement, and the administration of those activities.

On the bill's effective date, the anthropogenic carbon dioxide storage trust fund would be abolished. Any money remaining in, any claim against, and any amount required to be deposited to the fund would be transferred or deposited to the OGRC fund. Any transferred money that was deposited in the anthropogenic carbon dioxide storage trust fund as a gift, grant, or other form of assistance that was encumbered by specific terms could be spent only in accordance with those terms.

The bill would take effect September 1, 2021.

**NOTES:**

According to the Legislative Budget Board, the bill would have a negative impact of \$29.3 million to general revenue through fiscal 2023.