

## **BILL ANALYSIS**

Senate Research Center  
82R8735 TRH-F

S.B. 1294  
By: Hegar  
Natural Resources  
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As Filed

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

S.B. 1294 amends the Natural Resources Code to increase certain maximum administrative penalties, remove requirements that certain penalties only pertain to safety or the prevention or control of pollution, and require the Railroad Commission of Texas (railroad commission) to adopt guidelines for penalty assessment for oil and gas violations that take into account certain factors.

S.B. 1294 amends Section 81.0531(a) to eliminate the requirement that violations for which the railroad commission may assess an administrative penalty under this statute must pertain to safety of the prevention or control of pollution and makes a conforming change by replacing civil with administrative. This will remove a potential ambiguity and provide the railroad commission with a singular penalty statute to apply for all violations of Title 3 (Oil and Gas), Natural Resources Code.

S.B. 1294 also amends Section 81.0531(b) to increase the maximum penalty provisions from \$10,000 per day to \$25,000 per day for each violation. These maximums have been in effect since 1983. This bill also amends Sections 81.0531(c) and (d) to require the railroad commission to adopt guidelines for determining the amount of penalties.

S.B. 1294 amends Section 91.143 (False Applications, Reports, and Documents and Tampering with Gauges) to increase the administrative penalty for knowingly filing false applications, reports, and documents to not exceed \$25,000 from \$1,000.

As proposed, S.B. 1294 amends current law relating to the imposition of administrative penalties by the Railroad Commission of Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to Railroad Commission of Texas is modified in SECTION 1 (Section 81.0531, Natural Resources Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 81.0531(a), (b), (c), and (d), Natural Resources Code, as follows:

(a) Authorizes a person, if the person violates this title or a rule, order, license, permit, or certificate issued under this title, to be assessed an administrative penalty by the Railroad Commission of Texas (railroad commission), rather than authorizing a person, if the person violates provisions of this title which pertain to safety or the prevention or control of pollution or the provisions of a rule, order, license, permit, or certificate which pertain to safety or the prevention or control of pollution and are issued under this title, to be assessed a civil penalty by the railroad commission.

(b) Prohibits the penalty from exceeding \$25,000 a day, rather than \$10,000 a day, for each violation. Authorizes that each day a violation continues be considered a separate violation for purposes of penalty assessments.

(c) Requires the railroad commission in determining the amount of the penalty, to consider the guidelines adopted under Subsection (d). Deletes existing text requiring the railroad commission to consider the permittee's history of previous violations, the seriousness of the violation, any hazard to the health or safety of the public, and the demonstrated good faith of the person charged; and requiring the railroad commission, in determining the amount of the penalty for a violation of a provision of this title or a rule, order, license, permit, or certificate that relates to pipeline safety, to consider the guidelines adopted under Subsection (d).

(d) Requires the railroad commission by rule to adopt guidelines to be used in determining the amount of the penalty. Deletes existing text requiring the railroad commission to consider guidelines adopted under Subsection 9(d) for a violation of a provision of this title or a rule, order, license, permit, or certificate that relates to pipeline safety.

SECTION 2. Amends Section 91.143(e), Natural Resources Code, as follows:

(e) Authorizes the railroad commission to impose an administrative penalty in the manner provided by Sections 81.0531 (Administrative Penalty), 81.0532 (Penalty Assessment Procedure), 81.0533 (Payment of Penalty; Refund), and 81.0534 (Recovery of Penalty) on a person who violates this section. Prohibits the amount of the penalty from exceeding \$25,000, rather than \$1,000, for each violation.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2011.