

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2521
By: Coleman et al. (Uresti)
Finance
5/21/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As oil and gas is extracted, companies pay royalties and lease fees to the state for the minerals that reside under state land. Initially, the land commissioner collects these royalty and lease payments that are then deposited into general revenue. H.B. 2521 modifies the Natural Resources Code regarding royalty and lease payments from minerals that reside under lands owned by counties, such as county roads, and directs that the funds be paid to the counties to be used for road maintenance and construction only. In areas of the state experiencing heavy oil and gas development, there is not enough county funding to keep up with the rapid road degradation. Having access to the royalties and lease payments for lands under county roads to maintain those roads will provide a small amount of relief to our energy sector counties. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 2521 amends current law relating to the allocation and use of payments received under oil and gas leases of land owned by the state for a county road.

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. Amends the heading to Section 32.201, Natural Resources Code, to read as follows:

Sec. 32.201. PREFERENTIAL RIGHT TO LEASE CERTAIN LAND BY ADJOINING MINERAL OWNER; ALLOCATION AND USE OF PAYMENTS RECEIVED FROM LEASING OF LAND OWNED FOR COUNTY ROAD.

SECTION 2. Amends Section 32.201, Natural Resources Code, by adding Subsections (i) and (j), as follows:

(i) Requires that any payment received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road, subject to Subsection (j), be deposited to the credit of the county road oil and gas fund as provided by Section 32.2015.

(j) Requires that a lease of oil and gas under land described by Subsection (i) that is entered into on or after September 1, 2017, notwithstanding any other provision of law, require any payment under the lease to be made directly to the county treasurer, or officer performing the function of that office, in the county in which the land is located, as determined by the commissioner of the General Land Office (commissioner) and described in the lease, for deposit to the credit of the county road and bridge fund of the county to be used for the purposes described by Section 32.2015(d). Provides that a lessee's obligation to make a payment under this subsection is satisfied by making that payment to the county described in the lease. Provides that this subsection does not create a cause of action for a county to pursue remedies under a lease described by this

subsection, and a county is not considered to be a party to such a lease for the purpose of asserting a right granted by the lease or under this subsection.

SECTION 3. Amends Subchapter F, Chapter 32, Natural Resources Code, by adding Section 32.2015, as follows:

Sec. 32.2015. FUND. (a) Provides that the county road oil and gas fund is a trust fund outside the state treasury to be held and administered by the comptroller of public accounts of the State of Texas (comptroller) as trustee for the payment, without appropriation, to counties of money received from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(b) Requires the General Land Office (GLO) to deposit to the credit of the fund money received under Section 32.201(i) from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road.

(c) Requires that interest or other income from investment of the fund be deposited to the credit of the fund.

(d) Requires that money in the fund received from the leasing of oil and gas under lands described by Subsection (b) located in a county, together with the interest or other income from investment of that money deposited to the credit of the fund, be disbursed at least twice each fiscal year, without appropriation, to the county treasurer or officer performing the function of that office. Requires the county treasurer or officer to deposit amounts received under this subsection to the credit of the county road and bridge fund of the county. Authorizes money deposited to the credit of that fund under this subsection to be used by the county only for road maintenance purposes.

SECTION 4. Repealer: Section 52.025 (Disposition of Lease Payments), Natural Resources Code.

SECTION 5. Effective date: September 1, 2017.