

# Texas Legislative Session Sputters To The End

In last month's *NewsLine* article on the 81<sup>st</sup> Session of the Texas Legislature, we noted that one of the key components of this session was that there was no one overriding major issue that united large factions in either chamber. Little did we know that within days, the House Democrats would effectively shut the process down to delay and kill the debate on Voter I.D. (See *Eyes On Texas* by Gloria Leal on page 20.)

As members of both parties in the House, talked and delayed for more than five days, hundreds of pieces of legislation saw the chances of passage dwindle and die. Of course, some that died were bills which we wanted and others were bills which we were happy to see their demise.

All in all, for oil and gas, some good was accomplished and there was little damage done to the Industry, in general.

## Legislation which did pass:

**HB 469 by Phil King** establishes state incentives for the development of clean coal technology electricity generation plants. The bill offers franchise tax credits capped at \$100 million per project, and exempts from severance tax for 30 years EOR projects using the captured CO2. Amendments on the floor of the House broadened the scope of technologies eligible for the credits beyond the original IGCC Future Gen. *The bill has passed both chambers as of May 31 and will be sent to the Governor.*

**HB 472 by Hilderbran** allows pipelines to use monies in the Oilfield Cleanup Fund, not to exceed the amount collected into the Fund from common carriers and pipelines, for cleanup of reported historic spills. *The bill passed both chambers and was signed by the Governor on May 27. It is effective on September 1.*

**HB 1883 by Farabee** reaffirms the RRC jurisdiction to review the certification of and intrastate pipeline for the exemption from the utility status regulation. *The bill passed both chambers and was sent to the Governor on May 26.*

**HB 2259 by Crownover** provides a menu format options for additional financial assurance on inactive wells and a schedule for surface cleanup for inactive locations. *The bill passed through both chambers and was sent to the Governor on May 26.*

**HB 2333 by Geren** states a municipality may lease under this section a street, alley, or public square in the municipality if the lease prohibits the lessee from using the surface of the land for drilling, production, or other operations. It does not include a public park. *The bill passed both chamber and was sent to the Governor on May 26.*

**HB 2572 by Gonzales-Tourelles** expands the utility code to allow pipelines to be placed under and along existing roads and right of ways. *The bill passed both chambers and was sent to the Governor on May 27.*

**HB 4765 by Oliviera** as amended raises the small business exemption threshold for the margin tax from the current \$300,000 to \$1,000,000 for the next two years and then to become permanent at \$600,000 for following years. *The bill has passed both chambers as of May 30 and will be sent to the Governor.*

**HB 4300 by Herrero** amends the Utility Code by simplifying the process by which a pipeline operator or operator's representative may conduct community liaison meetings. *The bill passed both chambers on May 29 and will be sent to the Governor.*

**HCR 183 by Farabee** urging Congress to reject provisions of President Barack Obama's budget that would eliminate certain deductions presently available to the oil and natural gas exploration industry. The resolution outlines the importance of provisions in the federal tax code to independent oil and gas producers and the State of

Texas. Additionally, it instructs the Texas Secretary of State to inform the U.S. President, Speaker of the House, President of the Senate and all members of the Texas congressional delegation, and to request the resolution be entered into the *Congressional Journal*. *The resolution was finally passed by both chambers on June 1 and will be sent to the Governor.*

**SB 686 by Davis** allows common carrier, common purchaser, or operators of natural gas pipelines to access (through, under, along, or across) county right of ways. It is bracketed to include counties in the Barnett Shale, counties in a metropolitan planning organization and the corporate limits of a municipality. It also provides rules for use and restoration and access for certain water pipelines. *The bill had passed both chambers on May 31.*

**SB 997 by Duncan** delays current law for producer's natural gas production tax reports to the Comptroller from the last day of each month to the 20th of the second month following production. *The bill has passed both chambers and was signed by the Governor on May 5. It is effective September 1, 2009.*

**SB 1387 by Seliger / HB 2669 by Crownover** relates to the implementation of projects involving the capture, injection, storage or sequestration of anthropogenic carbon dioxide. The bill requires owners of CO2 injection wells or storage to get a permit from the RRC, and makes the RRC the primary regulatory body with shared jurisdiction with the TCEQ. The bill outlines financial responsibility, protects oil and gas production, defines ownership, and provides rules for EOR. The Senate bill has passed the Senate and is referred to the House. The House bill is set on the House calendar. *The bill passed both chambers and was signed by the Governor on May 27. It is effective September 1, 2009.*

**SCR 72 by Wentworth** grants Gulf Exploration Company permission to sue the Railroad Commission of Texas. It is alleged that the company has been damaged by the RRC plugging the wrong well in the Gulf of Mexico. The company now may seek redress in the courts. (A Senate/House Concurrent Resolution requires a 2/3rds majority vote in each chamber.) *The resolution passed both chambers on June 1st and will be sent to the Governor.*

#### **Legislation which failed to pass:**

- **HB 499 by Orr / SB 341 by Wentworth**
- **SB 540 by Estes**
- **HB 569 by Miller**
- **HB 1420 by Orr**
- **HB 1533 by Burnam**
- **HB 1537 by Burnam**
- **HB 2356 by Crownover**
- **HB 2853 by Farabee / SB 2170 by Seliger**
- **HB 3410 by Chisum**
- **HB 4063 by Gonzalez-Tourielles**
- **HB 4246 by Keffer**
- **HB 4654 by Chisum**
- **HJR 62/ HB 1231 by Farabee**
- **HCR 67 by Farabee**
- **SB 16 by Averitt**
- **SB 275 by Nichols,**
- **SB 1823 by Seliger**

- **SB 2111 by Averitt**
- **CSSB 2111**
- **SB 2349 by Ogden**
- **SB 2557 by Uresti**