

AN ACT

relating to the continuation and functions of the Railroad Commission of Texas; providing for the imposition of fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 81.01001(a), Natural Resources Code, is amended to read as follows:

(a) The Railroad Commission of Texas is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished September 1, 2029 [~~2017~~].

SECTION 2. Subchapter C, Chapter 81, Natural Resources Code, is amended by adding Sections 81.065 and 81.066 to read as follows:

Sec. 81.065. ALTERNATIVE DISPUTE RESOLUTION POLICY. (a) The commission shall develop and implement a policy to encourage the use of appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the commission's jurisdiction.

(b) The commission's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

1       (c) The commission shall:

2           (1) coordinate the implementation of the policy  
3 adopted under Subsection (a);

4           (2) provide training as needed to implement the  
5 procedures for alternative dispute resolution; and

6           (3) collect information concerning the effectiveness  
7 of those procedures.

8       Sec. 81.066. OIL AND GAS DIVISION MONITORING AND  
9 ENFORCEMENT STRATEGIC PLAN. (a) The oil and gas division of the  
10 commission shall develop and publish an annual plan for each state  
11 fiscal year to use the oil and gas monitoring and enforcement  
12 resources of the commission strategically to ensure public safety  
13 and protect the environment.

14       (b) The commission shall seek input from stakeholders when  
15 developing each annual plan.

16       (c) The commission shall collect and maintain information  
17 that accurately shows the commission's oil and gas monitoring and  
18 enforcement activities. Each annual plan must include a report of  
19 the information collected by the commission that shows the  
20 commission's oil and gas monitoring and enforcement activities over  
21 time.

22       (d) The information described by Subsection (c) must  
23 include data regarding violations of statutes or commission rules  
24 that relate to oil and gas, including:

25           (1) the number, type, and severity of:

26                   (A) violations the commission found to have  
27 occurred;

1                   (B) violations the commission referred for  
2 enforcement to the section of the commission responsible for  
3 enforcement; and

4                   (C) violations for which the commission imposed a  
5 penalty or took other enforcement action;

6                   (2) the number of major violations for which the  
7 commission imposed a penalty or took other enforcement action; and

8                   (3) the number of repeat major violations, categorized  
9 by individual oil or gas lease, if applicable.

10                  (e) The commission shall publish each annual plan on the  
11 commission's Internet website not later than July 1 of the year  
12 preceding the state fiscal year in which the commission implements  
13 the plan.

14                  SECTION 3. Section 81.067(c), Natural Resources Code, is  
15 amended to conform to the repeal of Section 81.112, Natural  
16 Resources Code, by Chapter 470 (S.B. 757), Acts of the 84th  
17 Legislature, Regular Session, 2015, and is further amended to read  
18 as follows:

19                  (c) The fund consists of:

20                   (1) proceeds from bonds and other financial security  
21 required by this chapter and benefits under well-specific plugging  
22 insurance policies described by Section 91.104(c) that are paid to  
23 the state as contingent beneficiary of the policies, subject to the  
24 refund provisions of Section 91.1091, if applicable;

25                   (2) private contributions, including contributions  
26 made under Section 89.084;

27                   (3) expenses collected under Section 89.083;

- 1 (4) fees imposed under Section 85.2021;
- 2 (5) costs recovered under Section 91.457 or 91.459;
- 3 (6) proceeds collected under Sections 89.085 and
- 4 91.115;
- 5 (7) interest earned on the funds deposited in the
- 6 fund;
- 7 (8) oil and gas waste hauler permit application fees
- 8 collected under Section 29.015, Water Code;
- 9 (9) costs recovered under Section 91.113(f);
- 10 (10) hazardous oil and gas waste generation fees
- 11 collected under Section 91.605;
- 12 (11) oil-field cleanup regulatory fees on oil
- 13 collected under Section 81.116;
- 14 (12) oil-field cleanup regulatory fees on gas
- 15 collected under Section 81.117;
- 16 (13) fees for a reissued certificate collected under
- 17 Section 91.707;
- 18 (14) fees collected under Section 91.1013;
- 19 (15) fees collected under Section 89.088;
- 20 (16) fees collected under Section 91.142;
- 21 (17) fees collected under Section 91.654;
- 22 (18) costs recovered under Sections 91.656 and 91.657;
- 23 (19) fees collected under Section 81.0521;
- 24 (20) fees collected under Sections 89.024 and 89.026;
- 25 (21) legislative appropriations;
- 26 (22) any surcharges collected under Section 81.070;
- 27 (23) fees collected under Section 91.0115;

- 1           (24) ~~[money deposited to the credit of the fund under~~  
2 ~~Section 81.112,~~  
3           ~~(25)]~~ fees collected under Subchapter E, Chapter 121,  
4 Utilities Code; ~~and~~  
5           (25) ~~(26)]~~ fees collected under Section 27.0321,  
6 Water Code; and  
7           (26) fees collected under Section 81.071.

8           SECTION 4. Section 81.068, Natural Resources Code, is  
9 amended to read as follows:

10           Sec. 81.068. PURPOSES OF OIL AND GAS REGULATION AND CLEANUP  
11 FUND. Money in the oil and gas regulation and cleanup fund may be  
12 used by the commission or its employees or agents for any purpose  
13 related to the regulation of oil and gas development, including oil  
14 and gas monitoring and inspections, oil and gas remediation, and  
15 oil and gas well plugging, the study and evaluation of electronic  
16 access to geologic data and surface casing depths necessary to  
17 protect usable groundwater in this state, ~~[alternative fuels~~  
18 ~~programs under Section 81.0681,~~] the administration of pipeline  
19 safety and regulatory programs, public information and services  
20 related to those activities, and administrative costs and state  
21 benefits for personnel involved in those activities.

22           SECTION 5. Subchapter C, Chapter 81, Natural Resources  
23 Code, is amended by adding Section 81.071 to read as follows:

24           Sec. 81.071. PIPELINE SAFETY AND REGULATORY FEES. (a) The  
25 commission by rule may establish pipeline safety and regulatory  
26 fees to be assessed for permits or registrations for pipelines  
27 under the jurisdiction of the commission's pipeline safety and

1 regulatory program.

2 (b) The commission may establish fees to be assessed  
3 annually against permit or registration holders, as well as  
4 individual fees for new permits or registrations, permit or  
5 registration renewals, and permit or registration amendments.

6 (c) The fees must be in amounts that in the aggregate are  
7 sufficient to support all pipeline safety and regulatory program  
8 costs, including:

9 (1) permitting or registration costs;

10 (2) administrative costs; and

11 (3) costs of employee salaries and benefits.

12 (d) The commission by rule must establish the method or  
13 methods by which the fees will be calculated and assessed so that  
14 fee amounts will reflect the time spent and costs incurred to  
15 perform the regulatory work associated with permitting or  
16 registering pipelines, the effects of required fees on operators of  
17 all sizes, and other factors the commission determines are  
18 important to the fair imposition of the fees. The commission may  
19 base the fees on any factor the commission considers necessary to  
20 efficiently and fairly recover the pipeline safety and regulatory  
21 program's costs, including:

22 (1) the length of the pipeline;

23 (2) the number of new permits or registrations, permit  
24 or registration renewals, or permit or registration amendments; or

25 (3) the number of pipeline systems.

26 (e) The commission by rule may establish a reasonable late  
27 payment penalty for a fee charged under this section.

1       (f) The authority provided by this section is in addition to  
2 the authority provided by Section 121.211, Utilities Code, and the  
3 commission shall consider any fees assessed under that section in  
4 establishing the fees to be assessed under this section.

5       (g) A fee collected under this section shall be deposited to  
6 the credit of the oil and gas regulation and cleanup fund as  
7 provided by Section 81.067.

8       SECTION 6. Subchapter C, Chapter 81, Natural Resources  
9 Code, is amended by adding Section 81.072 to read as follows:

10       Sec. 81.072. VERIFICATION BY CONTRACTORS. (a) In this  
11 section, "E-verify program" has the meaning assigned by Section  
12 673.001, Government Code.

13       (b) The commission may not award a contract for goods or  
14 services in this state to a contractor unless the contractor and any  
15 subcontractor register with and participate in the E-verify program  
16 to verify employee information. The contractor and any  
17 subcontractor shall continue to participate in the program during  
18 the term of the contract.

19       (c) The commission shall develop procedures for the  
20 administration of the E-verify program under this section.

21       SECTION 7. Section 117.012, Natural Resources Code, is  
22 amended by amending Subsection (a) and adding Subsection (a-1) to  
23 read as follows:

24       (a) The commission shall adopt rules that include:  
25       (1) safety standards applicable to the intrastate  
26 transportation of hazardous liquids or carbon dioxide by pipeline  
27 and intrastate hazardous liquid or carbon dioxide pipeline

1 facilities; and

2           (2) [~~, including~~] safety standards related to the  
3 prevention of damage to interstate and intrastate hazardous liquid  
4 or carbon dioxide pipeline facilities [~~such a facility~~] resulting  
5 from the movement of earth by a person in the vicinity of such a  
6 [~~the~~] facility, other than movement by tillage that does not exceed  
7 a depth of 16 inches.

8           (a-1) Rules adopted under Subsection (a) [~~this subsection~~]  
9 that apply to the intrastate transportation of hazardous liquids  
10 and carbon dioxide by gathering pipelines in rural locations and  
11 intrastate hazardous liquid and carbon dioxide gathering pipeline  
12 facilities in rural locations must be based only on the risks the  
13 transportation and the facilities present to the public safety,  
14 except that the commission shall revise the rules as necessary to  
15 comply with Subsection (c) and to maintain the maximum degree of  
16 federal delegation permissible under 49 U.S.C. Section 60101 et  
17 seq., or a succeeding law, if the federal government adopts rules  
18 that include safety standards applicable to the transportation and  
19 facilities.

20           SECTION 8. Section [756.126](#), Health and Safety Code, is  
21 amended to read as follows:

22           Sec. 756.126. SAFETY STANDARDS AND BEST PRACTICES. The  
23 Railroad Commission of Texas shall adopt and enforce rules  
24 prescribing safety standards and best practices, including those  
25 described by 49 U.S.C. Section 6105 et seq., relating to the  
26 prevention of damage by a person to a facility, including an  
27 interstate or intrastate pipeline facility, under the jurisdiction



1 of the commission.

2 SECTION 9. Section 121.201(a), Utilities Code, is amended  
3 to read as follows:

4 (a) The railroad commission may:

5 (1) by rule prescribe or adopt safety standards for  
6 the transportation of gas and for gas pipeline facilities,  
7 including safety standards related to the prevention of damage to  
8 an interstate or intrastate gas pipeline [~~such a~~] facility  
9 resulting from the movement of earth by a person in the vicinity of  
10 the facility, other than movement by tillage that does not exceed a  
11 depth of 16 inches;

12 (2) by rule require an operator that does not file  
13 operator organization information under Section 91.142, Natural  
14 Resources Code, to provide the information to the commission in the  
15 form of an application;

16 (3) by rule require record maintenance and reports;

17 (4) inspect records and facilities to determine  
18 compliance with safety standards prescribed or adopted under  
19 Subdivision (1);

20 (5) make certifications and reports from time to time;

21 (6) seek designation by the United States secretary of  
22 transportation as an agent to conduct safety inspections of  
23 interstate gas pipeline facilities located in this state;

24 (7) by rule take any other requisite action in  
25 accordance with 49 U.S.C. Section 60101 et seq. and its subsequent  
26 amendments or a succeeding law; and

27 (8) by rule establish safety standards and practices

1 for gathering facilities and transportation activities in Class 1  
2 locations, as defined by 49 C.F.R. Section 192.5:

3 (A) based only on the risks the facilities and  
4 activities present to the public safety, to the extent consistent  
5 with federal law; or

6 (B) as necessary to maintain the maximum degree  
7 of federal delegation permissible under 49 U.S.C. Section 60101 et  
8 seq., or a succeeding law, if the federal government adopts safety  
9 standards and practices for gathering facilities and  
10 transportation activities in Class 1 locations, as defined by 49  
11 C.F.R. Section 192.5.

12 SECTION 10. Sections [81.0681](#) and [91.1135](#), Natural Resources  
13 Code, are repealed.

14 SECTION 11. The first state fiscal year for which the  
15 Railroad Commission of Texas is required by Section 81.066, Natural  
16 Resources Code, as added by this Act, to develop and publish the  
17 annual plan required by that section is the state fiscal year  
18 beginning September 1, 2018. The commission shall publish the plan  
19 not later than July 1, 2018.

20 SECTION 12. To the extent of any conflict, this Act prevails  
21 over another Act of the 85th Legislature, Regular Session, 2017,  
22 relating to nonsubstantive additions to and corrections in enacted  
23 codes.

24 SECTION 13. This Act takes effect September 1, 2017.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1818 was passed by the House on March 29, 2017, by the following vote: Yeas 123, Nays 19, 3 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1818 was passed by the Senate on May 9, 2017, by the following vote: Yeas 29, Nays 2.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor