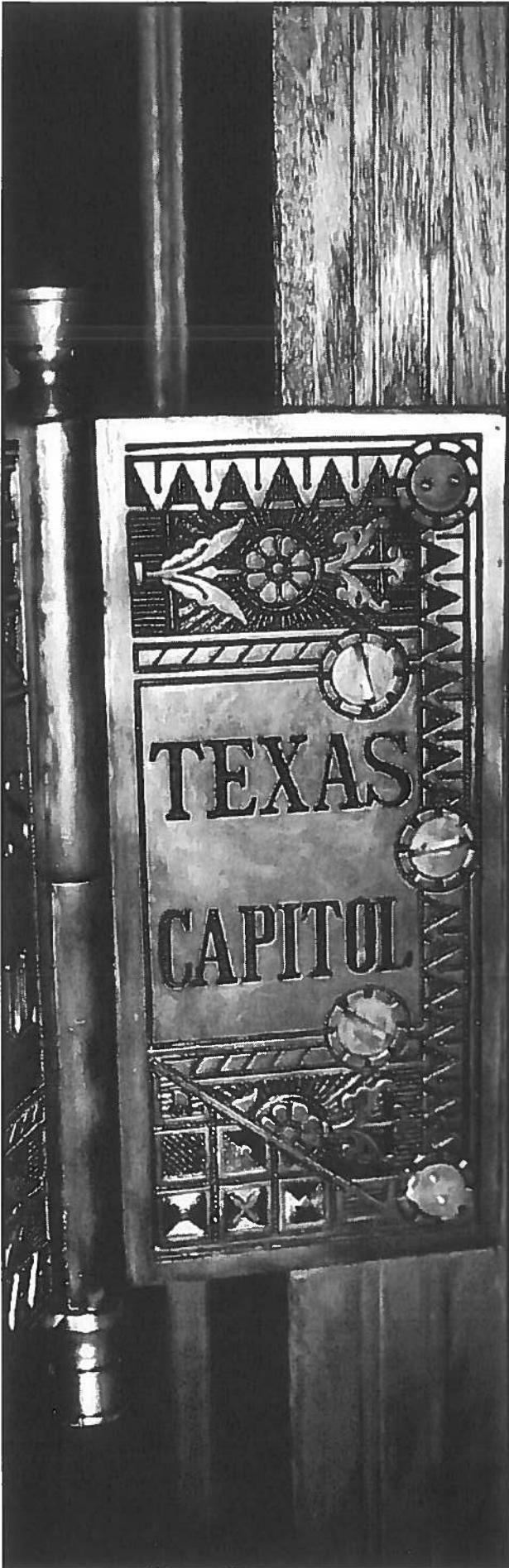


SUNSET ADVISORY COMMISSION

*Final Results of
Sunset Reviews
2012-2013*

JULY 2013



Railroad Commission of Texas

S.B. 212 Nichols (D. Bonnen) — Not Enacted

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For the second consecutive legislative session the Railroad Commission's Sunset bill failed passage. Initially reviewed in 2011, the Railroad Commission's Sunset bill did not pass and the 82nd Legislature continued the Railroad Commission under Sunset review for another two years.¹ In 2013, the Sunset Commission again found a need for the functions of the Railroad Commission. However, with the significant and ongoing boom in oil and gas production, the Sunset Commission concluded having a more transparent and objective regulator was more important than ever.

To address these concerns, the Sunset Commission recommended changing the agency's name, limiting when Commissioners could solicit and receive campaign contributions, and requiring the automatic resignation of a Commissioner running for another elected office. The Sunset Commission also recommended several funding changes, including eliminating the statutory cap on the Oil and Gas Regulation and Cleanup Fund and creating a new pipeline permit fee to help support the agency's pipeline safety program.

The Sunset recommendations were incorporated into Senate Bill 212. The Senate passed this bill intact, but ultimately the bill was left pending in the House Energy Resources Committee. Although the agency's Sunset bill failed passage for a second time, the 83rd Legislature did address a key Sunset Commission concern in other legislation by increasing, rather than eliminating, the cap on the Oil and Gas Regulation and Cleanup Fund. The Legislature also continued the agency for four years, subject to Sunset review again in 2017. One provision — requiring the automatic resignation of a Commissioner running for another elected office — was adopted by the Legislature in S.B. 219, the Ethics Commission Sunset bill, that was later vetoed by the Governor.

The following material summarizes Sunset recommendations adopted in other legislation and management actions directed to the agency that do not require statutory changes. For additional information see the *Railroad Commission of Texas Sunset Final Report with Legislative Action* available on the Sunset Commission website at www.sunset.state.tx.us.

Continuation

- Continues the Railroad Commission for four years until 2017; requires the Sunset review to include an assessment of other state agencies that are able to perform the Railroad Commission's functions; and requires the Railroad Commission to pay all costs of the review. (H.B. 1675)

Ethics

- Directs the Commission to review its recusal policy, and revise as necessary to ensure Commissioner's awareness of, and compliance with, these requirements. (management action – nonstatutory)

Funding Cap

- Increases the statutory cap on the Oil and Gas Regulation and Cleanup Fund from \$20 million to \$30 million, and increases the Fund's floor from \$10 million to \$25 million. (H.B. 3309)

Mineral and Land Owner Rights

- Directs the Commission to study the use and development of telecommunication technology designed to increase the transparency of, and the public's participation in, agency hearing processes and better protect the rights of mineral owners and land owners in the state of Texas. (management action – nonstatutory)
- Directs the Commission to develop a fee schedule for increased charges associated with re-filing previously withdrawn applications for forced pooling or field spacing exceptions. (management action – nonstatutory)

Fiscal Implication

These Sunset recommendations will not have a significant fiscal impact to the State.

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¹ S.B. 652, 82nd Texas Legislature, Regular Session, 2011.