

TXOGA

TEXAS OIL & GAS ASSOCIATION | SINCE 1919

The 86th Legislative Session At A Glance

Texas Oil & Gas Association Champions Industry Priorities: The 86th Regular Legislative Session At A Glance

The 86th Legislature was dominated by property tax reform and school finance reform with the key question being how to pay for it. These topics dominated legislative priorities for Governor Greg Abbott, Lt. Governor Dan Patrick, and Speaker Dennis Bonnen who worked together to find the best solutions for Texas

TXOGA monitored approximately 1,388 of the 7,541 bills filed and successfully fended off scores of harmful bills that included additional regulations of aboveground storage tanks and pipelines, climate change commissions and boards, and dangerous legislation on construction contract agreements. TXOGA's priority legislation included funding for county roads, the Critical Infrastructure Protection Act, a bill that created a new penalty for trespassing with the intent to damage or interfere with critical infrastructure, moving the NPDES program from the Railroad Commission to the Texas Commission on Environmental Quality, clarifying ownership of fluid oil and gas waste, and making important clarifications to how bulk fuels taxes are collected.

The work on priority legislation began long before the Legislature convened. In the fall of 2018, TXOGA met with members to identify the most important legislative items for the 86th Regular Legislative Session and began work on these issues in the months leading up to the session.

Other bills of note include HJR 82 and HB 2154. Speaker Craddick and Representative Landgraf drafted legislation to respond to the challenges that limit the growth of the energy sector in oil and gas producing areas. The bill would have proposed a constitutional amendment to establish the Generate Recurring Oil Wealth (GROW Texas) fund in the state treasury to be approved on the ballot by the voters. This fund would be used to address infrastructure needs related to safety, healthcare, and education initiatives in areas significantly impacted by oil and gas production. Unfortunately, these bills did not pass.

TXOGA spent an incredible number of hours working with other stakeholders and lawmakers on eminent domain legislation to create provisions that would benefit landowners and industry. While we worked for a positive outcome, legislators were not able to come to an agreement in the final hours of the session, and no bill was passed. We remain vigilant to continue working toward an agreed-to piece of legislation for the next session.

Below is a snapshot of significant legislation pertaining to each of the identified priorities.

Taxes/Budget/School Finance
HB 1, SB 2, HB 3, SB 500

Eminent Domain
SB 421

**Environment/ Economic
Development**
SB 698, HB 3745, HB 2726

Electricity/Telecommunications
HB 1397, SB 14, SB 1941, SB 1938

Transportation
HB 4280, SB 1915, SB 2223

Water
*HB 722, HB 723, HB 2771, HB 3246,
HJR 4, SB 7, SB 8*

Exploration & Production
HB 3226, HB 2765, HB 3838

Pipelines
HB 864, HB 866

Civil Practices/ Legal
HB 3557, HB 1211, HB 2901

Taxes/ Budget

Lawmakers passed **HB 1** and **SB 500**, the state budget and supplemental appropriation bill, which included funding for both the Railroad Commission of Texas (RRC) and the Texas Commission on Environmental Quality (TCEQ).

- **HB 1 by Senator John Zerwas**

HB 1 is the general appropriations act for 2020-2021.

Appropriates all-funds of \$250.7 billion, including \$125 billion of general revenue and general revenue-dedicated for the 2020-21 fiscal biennium and \$3 million from the Economic Stabilization (“Rainy Day”) Fund.

Texas Railroad Commission, All Funds (in millions)

2018-19: \$256.1

2020-2021: \$282.2

Exceptional Items of Note:

- Mainframe Transformation Project: \$26,898,353
- Continue Accelerated State-Managed Well Plugging: \$39,100,000
- Additional Inspectors: 22 FTEs & \$2,695,248

Texas Commission on Environmental Quality, All Funds (in millions)

2018-19: \$846.7

2020-2021: \$ 766.6

Exceptional Items of Note:

- Expedited Processing of Air Permit Applications: 10 FTEs and \$2,140,000 over the biennium
- Enhance and expand mobile monitoring vehicle and microscope: \$1,531,500 over the biennium

Riders of Note:

- TERP—shifted \$3 million from ERIG to GAFF
- \$4.5 million added to Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina, and Wilson for air quality planning—limited the use of funds to inventorying emissions, monitoring of pollution levels, and administration of the program (limited to 10%). Prohibits the use of funds for outreach, marketing, etc.

- **SB 500 by Jane Nelson**

SB 500 provided supplemental appropriations for the current biennium. Included in the supplemental appropriations bill is **\$6.1 billion from the Economic Stabilization (Rainy Day) Fund**, primarily for Hurricane Harvey, dam, and flooding response. For remaining fiscal 2019, the bill appropriates the following:

General revenue:	\$1,685,898,982
Coastal Protection Account 27:	\$2,000,000
Federal Funds:	\$2,146,518,960
Economic Stabilization Fund:	\$4,967,741,593

SB 500 also provides an additional appropriation of **\$1.16 billion from the Rainy-Day Fund for fiscal years 2020-2021** for Texas Education Agency Harvey related costs and the state contribution for the Teacher Retirement System.

- **SB 2 by Senator Paul Bettencourt**

SB 2 was a major priority of the Governor, Lt. Governor, and Speaker that tackled property tax reform. Some of the provisions of the bill include:

- Renames the effective tax rate as “no-new-revenue tax rate” and renames the rollback tax rate as “voter-approval tax rate.”
- Creates a new “de minimis rate” equal to the sum of a taxing unit’s no-new-revenue M&O rate, its debt rate, and the rate that would impose \$500,000 in tax levy.
- Adds a real-time tax notice for taxpayers to be able to timely engage in the tax rate-setting processes of taxing units.
- Enhances the Comptroller’s role in standardizing tax rate calculations, data gathering and organization for the use of the public, and administration of public surveys regarding ARB service quality.
- Increases electronic financial disclosures by taxing units and requires increased communication with and individualized tax notice forms for property owners.
- Lowers the permissible annual increase in tax levies by a taxing unit on existing properties (the former rollback threshold) to 3.5% before adjustments from the existing 8% for taxing units not meeting the definition of a special taxing unit, which is defined in the bill as a non-school district: for which the M&O tax rate proposed for the year is 2.5 cents or less; a junior college district; or a hospital district.
Special taxing units remain at the 8% threshold.
- Adjustments and alternatives that could provide for a higher increase than 3.5% for taxing units include, the de minimis rate, declared disaster area status, an “unused increment rate” equal to sum of the amounts by which a taxing unit did *not*, during the previous three years, tap the maximum 3.5% allowed, indigent defense expenditures, county hospital expenditures
- Generally, eliminates the petition requirements of current law, requiring automatic elections to approve, or disapprove, of tax increases beyond the voter-approval rate.
Requires a special taxing unit or a city with a population of 30,000 or more proposing a tax rate that exceeds its voter-approval rate to hold an election on the proposal.
Requires a taxing unit other than a special taxing unit or a city with a population of less than 30,000 regardless of whether it is a special taxing unit that proposes a tax rate that exceeds the greater of its voter-approval tax rate or its de minimis rate to hold an election.
- Retains a petition procedure for certain, typically smaller, taxing units that propose a tax rate above the voter-approval rate but below the de minimis rate.
- In counties with 1 million or more in population, establishes specialized review panels for specified property categories for properties valued at \$50 million or more, annually adjusted for inflation.
- Prohibits an ARB from determining a property’s value in a protest to be greater than the appraised value of the property as shown in the appraisal records submitted to the ARB by the chief appraiser unless agreed to by the property owner.
- Prohibits a taxing unit from adopting a budget or taking any other action that has the effect of decreasing the total compensation to which a first responder was entitled in the preceding fiscal year.

TXOGA STATEMENT
Senate Bill 2 and House Bill 3

“We are encouraged by the concepts discussed and support a taxpayer friendly plan to advance education in Texas and prepare the workforce of the future. “

- **HB 3 by Representative Dan Huberty**

The school finance reform bill through the General Appropriations Act appropriates an unprecedented \$11.5 billion for education finance reform and school property tax compression. \$6.5 billion is included for increases spending and \$5 billion for rate compression. Property tax owners will receive on average 13 cent reduction in property tax rates and school district funding overall changes the state’s portion of school

funding from 38% to 45% and to 50% in future years. The legislature successfully funded the bill with general revenue for the 2020-2021 fiscal years, however, future years could see significant impact if state revenue growth projections are not met or exceeded.

- Establishes a new Tax Reduction and Excellence in Education (TREE) Fund outside of general revenue that may be appropriated only for Tier 1 allotments or for reducing school M&O tax rates. Requires the Comptroller to deposit to the TREE fund any oil and gas production tax revenue that Section 49-g, Article III, Texas Constitution, dedicates to the purpose of reducing school district M&O tax rates. **There is no such dedication under current law but sets up an anticipated push to rededicate severance tax to property tax relief in future.**
- Allocates to the TREE fund the amount of Available School Fund distribution that exceeds the first \$300 million. Also requires the Comptroller to deposit to the fund each month the amount of sales tax revenue gained from the new “marketplace provider” bill related to the Wayfair.

Environmental/ Economic Development

TXOGA continued its work to make Texas more competitive by bringing certainty to the state’s regulatory and permitting processes. TXOGA supported several bills that would enhance efficiency and help Texas to attract and retain business investment. TXOGA supported this legislation and its effort to extend TERP, supported additional resources for expedited permitting and aided in stopping additional oversight for aboveground storage tanks. TXOGA also worked to halt legislation that would create more regulations and would slow down growth in Texas.

- **SB 698 by Senator Brian Birdwell (Expedited Air Permitting)**

SB 698 gives TCEQ the authority to collect and use expedited permitting surcharge fees to hire and pay full-time equivalent (FTE) commission employees to support expediting permit applications. The FTE employees hired for expedited permitting will not count against the agency FTE cap. The bill authorizes the TCEQ to set the overtime compensation rate for FTE commission employees supporting expedited permit processing.

- **HB 3745 by Senator Brian Birdwell (TERP)**

HB 3745 directs all the TERP funding streams to be deposited into the Texas Emissions Reduction Plan Fund which it establishes as a trust fund to be held by the comptroller and administered by the TCEQ as trustee. **Money in the fund may be spent without legislative appropriation.** After the fiscal biennium, any unencumbered balance is transferred to the TERP corpus now named the Texas Emissions Reduction Plan Account. The bill, increased the TCEQ Administration funding for TERP to range between \$6 and \$16 million. The bill extends fee and other revenue sources to the Texas Emissions Reduction Plan (TERP) fund until all areas of Texas meet air quality standards for ozone. Current law calls for the cessation of the revenues on August 31, 2019.

- **HB 2726 by Representative John Kuempel**

HB 2726 provides that construction may begin on a permit amendment, at the person’s own risk, once the TCEQ has issued a draft permit which includes the permit amendment. This does not apply if the permit amendment is for an aggregate production operation or a concrete batch plant located within 880 yards of a building that is used as a single or multifamily residence, school, or hospital. Previously, this was only allowed for a modification of or a lesser change to an existing facility.

Electricity/Telecommunications

TXOGA worked with other trade organizations to discuss the electric market and to ensure that industry was well represented. TXOGA supported bills that would maintain fairness in rates, lessen the administrative burden at the Public Utility Commission and ensure that Texas maintains an energy-only market. TXOGA also worked to halt legislation that would create redundancies in regulation or stifle job growth and economic development.

- **HB 1397 by Representative Dade Phelan**

HB 1397 creates the ability for utilities outside of the ERCOT region to implement a rider for generation investment in rates as soon as it goes into service. After negotiations in the Senate, the substitute made improvements that would limit the rider to specific facilities, requires reconciliation of charges under the rider in the utility's next rate proceeding, and requires the Public Utility Commission to determine that the amounts recovered under the rider are "reasonable and necessary" at the utility's next rate proceeding, and if any were disallowed the amounts will be refunded. It also removed language that improperly put a thumb on the scale for additional generation investment and created a sunset for the generation rider for September 1, 2031.

- **SB 14 by Senator Robert Nichols**

SB 14 allows electric co-operatives and their affiliates to construct and operate infrastructure and facilities for providing broadband service. Easements and other property held by the co-op to provide electricity can also be used to provide broadband service. This bill will create more opportunities for rural areas to gain access to better broadband services which will help producers and businesses in oil producing areas.

- **SB 1941 by Senator Kelly Hancock**

SB 1941 would have answered a question found by the Public Utility Commission's Scope of Competition Report regarding how to manage batteries in Texas. Transmission Distribution Utilities (TDUs) have petitioned the Public Utility Commission (PUC) to allow them to put batteries in their rate base, which would upend the careful segmentation of the electricity industry in Texas and subsidize energy storage generation resources through captive ratepayers. The bill established parameters for TDUs to contract with a competitive power generator to address a specific reliability issue, and appropriately delegates rulemaking authority to the PUC. The bill died in the House.

- **SB 1938 by Senator Kelly Hancock (ROFR bill)**

SB 1938 will allow for any new transmission facilities that interconnect with an existing electric utility facility; the Commission may grant a certificate only to the owner of that existing facility. In addition, if a new transmission facility would directly interconnect with facilities owned by different electric utilities, the Commission may grant a certificate only to one or both of those utilities to construct the new facility. A transmission project that qualifies for regional cost allocation under FERC Order 1000 is required to go through a competitive bidding process to select the transmission developer that will build the project unless state law such as this bill gives an incumbent transmission provider the right to build the projects.

Transportation

TXOGA has been actively involved in transportation issues that relate to oil and natural gas production. This session, TXOGA strongly advocated for additional funding for county roads in critical energy corridors. The 86th Legislature provided a total of **\$250 million** to the County Transportation Infrastructure Fund (CTIF) to improve county road infrastructure in energy corridors throughout the state. \$125 million was appropriated from the Economic Stabilization Fund and an additional \$125 million was provided from TXDOT's budget. Along with the funding, HB 4280, changed the formula for how CTIF provides funding to the counties and focused the dollars to critical energy corridors.

- **HB 4280 by Representative Geanie Morrison**

HB 4280 changed the formula for how the County Transportation Infrastructure Fund (CTIF) provides funding to counties. It reduces the percentage associated with weight tolerance permits issued from 20% to 10%. The percentage associated with horizontal well completions is now 45%. It also adds an additional category to the formula, assigning 15% to vertical well completions.

COUNTY TRANSPORTATION INFRASTRUCTURE FUNDING

TXOGA Communications assisted in the development of deliverables including 1-pagers and graphics.

- [CTIF 1-pager](#)

The *Odessa American* ran a column from Todd Staples on Feb. 22, 2019 on the industry's focus on road safety.

- [Todd Staples: Safety is top priority of oil and gas industry](#)

TXOGA has prepared the following statement in anticipation of this legislation being signed into law by the Governor:

Texas Energy Corridors to Receive \$250 Million For County Road Infrastructure

AUSTIN— Texas energy production regions are set to receive a huge injection of funding for county road infrastructure improvements and expansions under two laws signed by Governor Greg Abbott. SB 500 included \$125 million from the state's Economic Stabilization Fund, also known as the Rainy-Day Fund, for counties in our state's energy sectors to address critically needed road infrastructure, and HB 1 included \$125 million in funding under the Texas Department of Transportation's (TxDOT) appropriation. Funding will flow through a grant process utilizing the County Transportation Infrastructure Fund, administered by TxDOT, and requires a match from local funds to participate.

Todd Staples, president of the Texas Oil & Gas Association, applauded Texas lawmakers for addressing this public safety need in a manner that encourages continued severance tax generation that benefits all part of Texas.

“Our state’s phenomenal growth in oil and natural gas production — which has made Texas the global energy superpower – has come with strains on local infrastructure in energy producing regions of our state. This funding for county road infrastructure in Texas energy corridors will contribute to the safety and well-being of the communities, families and employees in these high production areas. Improved road infrastructure in energy sectors will also ensure continued growth in state and local tax revenue from oil and natural gas that is supporting our communities, schools and first responders statewide. We are thankful for the leadership of Governor Abbott and the renewed commitment of state agencies to work with local leadership and operators to meet the needs of our state’s energy producing areas. The Texas oil and natural gas industry looks forward to continuing our collaborative work with state and local leaders as we work toward a stronger, cleaner energy future.”

Other key Transportation legislation includes:

- **SB 1915 by Carol Alvarado**

SB 1915 establishes a pilot commissioners board for the ports of Harris County. This board will implement ship movement strategies, including navigation safety guidelines.

- **SB 2223 by Brandon Creighton**

SB 2223 relates to the efficient provision of pilot services by the board of pilot commissioners for Harris County ports, established by SB 1915. The Board may adopt rules and issue orders to pilots or vessels to

secure efficient pilot services, including minimizing the interference of two-way routes. The bill defines “two-way traffic” and “two-way route” and allows the board to establish rules regarding maintaining two-way traffic with regards to vessels of a certain length.

Water

Lawmakers filed more than 120 water-related bills and held many long hearings on flood mitigation and control, groundwater and surface water issues. Ultimately 27 water bills passed including several bills of particular interest to TXOGA members.

- **HB 722 by Representative Lyle Larson**

HB 722 authorizes groundwater conservation districts to issue permits in designated brackish groundwater production zones for: a municipal project designed to treat brackish groundwater to drinking water standards to provide a public source of drinking water; and an electric generation project to treat brackish groundwater to water quality standards sufficient for the project needs.

- **HB 723 by Representative Lyle Larson**

HB 723 requires the Texas Commission on Environmental Quality to obtain or develop updated water availability models for the Brazos River, Neches River, Red River and Rio Grande river basins by December 1, 2022.

- **HB 2771 by Representative J.M. Lozano**

HB 2771 allows TCEQ to seek delegation authority from EPA to issue NPDES permits for oil and gas activities. The bill stipulates that TCEQ seek this delegation by September 1, 2021. The TCEQ program now has federal regulatory authority over discharges of pollutants to Texas surface water, with the exception of discharges associated with oil, gas, and geothermal exploration and development activities, which are regulated by the RRC.

TXOGA has prepared the following statement in anticipation of this legislation being signed into law by the Governor:

TXOGA Statement on Bill Clarifying Regulatory Authority Over Produced Water Discharge

AUSTIN— Todd Staples, president of the Texas Oil & Gas Association, issued the following statement praising Governor Abbott for signing into law HB 2771, which gives regulatory authority of the discharge of produced water to the Texas Commission on Environmental Quality (TCEQ):

“Our state’s oil and natural gas operators support fair, science-based regulations and appreciate the work of the nine state and federal agencies who regulate all aspects of oil and natural gas activity. When it comes to the regulation of produced water and its discharge, TCEQ has the necessary structure and expertise to manage delegation of oil and natural gas-related wastewater, as the agency does for many other industries across the state. Wastewater management is heavily regulated, and the state-managed program is required to meet all federal regulations. The oil and natural gas industry will continue to adhere to the highest environmental standards in all of its operations.”

- **HB 3246 by Drew Darby**

HB 3246 clarifies the ownership of fluid and oil and gas waste for the purpose of recycling this waste to beneficial use and reducing the amount of fresh water used by the oil and gas industry for water conservation. The bill provides that the waste becomes the property of the operator who takes possession of the waste for the purpose of sending it to a recycler or recycling it himself.

TXOGA Praises New Law to Allow for More Water Recycling in Oil and Natural Gas Production

May 25, 2019

AUSTIN—Todd Staples, president of the Texas Oil & Gas Association, issued the following statement after HB 3246, which gives oil and natural gas operators more options for recycling produced water, became law yesterday:

“Recycling produced water is becoming more common thanks to the oil and natural gas industry’s commitment to innovation and technological advances. As technology improves, we anticipate that oil and natural gas wastewater will be recycled and treated into a new drought-proof source of water for beneficial use in the oil patch and beyond. We thank Governor Abbott and the Texas Legislature for promoting innovation in the responsible development of our state’s natural resources.”

- **HJR 4 by Dade Phelan**

HJR 4 proposes a constitutional amendment providing for creation of the Flood Infrastructure Fund to assist in financing of drainage, flood mitigation and flood control projects.

- **SB 7 by Senator Brandon Creighton**

SB 7 is the enabling legislation for HJR 4 that creates the Flood Infrastructure Fund and the bill establishes the Texas Infrastructure Resiliency Fund both funds will be used to finance projects in response to Harvey and for future flood mitigation and control.

- **SB 8 by Senator Charles Perry**

SB 8 requires the Texas Water Development Board to prepare and adopt a comprehensive state flood plan that incorporates regional flood plans. The bill requires the first plan to be published September 1, 2024 and future plans to be developed every five years.

Exploration & Production

TXOGA fought to preserve the stable science-based regulations that have helped make Texas the number one oil and natural gas producing state in the nation. Throughout the legislative session, TXOGA and its member companies fought against many issues including, high-cost gas incentives - SB 1417, and excessive restrictions on well permits - SB 185. TXOGA also worked with the Legislature on several bills that would increase protections for the oil and natural gas industry.

- **HB 3226 by Charlie Geren**

Amends the terms of dissolution of an oil or gas pooled unit from one year to two years after its effective date if no production or drilling operations have been had on the unit or the surface location for the unit.

- **HB 2675 by Charlie Geren**
Removes the \$30 million cap on the Oil and Gas Regulation and Cleanup Fund.

Other key Exploration & Production legislation includes:

- **HB 3838 by Ernest Bailes**
This bill relates to a disclosure in certain offers to purchase a mineral or royalty interest. The bill requires a mineral or royalty interest conveyance instrument specified by the bill to include a conspicuous statement printed at the top. The statement would be required to provide that the offer was not a lease and that the owner would be selling all or a portion of the owner's mineral or royalty interests. Conveyance instruments without such a statement would be void. The bill would authorize a person who had conveyed interest in such a voided conveyance to bring suit against the purchaser of the interest for the removal of the conveyance as a cloud on title. The person could recover from the purchaser: all royalties and bonuses paid to the purchaser; court costs; and reasonable attorney's fees. These remedies are in addition to any other rights or remedies a person may have at law or pursuant to contract.

Pipelines

There were over 20 bills filed this session that addressed pipeline safety or eminent domain. Rep. Anchia filed several bills that related to requirements for gas pipeline operators. Rep. Zwiener filed several bills that related to requirements for construction of natural gas pipelines and would have made it more difficult for pipeline operators to construct new pipelines. Many of these bills did not pass, however, a few relating to pipeline safety did.

- **HB 864 by Rafael Anchia**
Requires distribution gas pipeline facility operator to provide information to the Railroad Commission following a "pipeline incident" as defined by law. Information to be reported includes: pipeline operator's name and phone number, time and location of incident, any fatalities and injuries, cost of gas lost, and other significant facts related to the incident.
- **HB 866 by Rafael Anchia**
Prohibits a distribution gas pipeline facility operator from installing cast iron, wrought iron, or bare steel pipeline as part of the operator's system. Requires the RRC by rule to require an operator to develop and implement a risk-based program for removal and replacement of pipelines, annually remove or replace at least 8% of pipeline posing the greatest risk, replace any known cast iron pipelines by December 31, 2021.

Civil Practices/ Legal

The 86th Session saw a rehash and new concepts of several construction liability bills filed in previous years. These bills create a complete divergence in construction practice and limits risk assignment in contract negotiations for multibillion-dollar projects. While the most offensive of these bills were not adopted, we anticipate more of the same in future sessions. Protecting our critical infrastructure was one of TXOGA's top issues for the session and we were successful in passing a meaningful bill which will discourage dangerous activism aimed at damaging, destroying and stopping critical infrastructure activities.

- HB 3557 by Chris Paddie**
 HB 3557, known as the Critical Infrastructure Protection Act, creates a new penalty for persons who trespass on critical infrastructure with the intent to damage or destroy or impair or interrupt operation of critical infrastructure. This bill would create criminal penalties and fines for those who knowingly enter with the intent or act of destruction. This bill will not take away the freedom of speech for anyone to protest critical infrastructure legally.
- HB 1211 by Drew Darby**
 HB 1211 related to certain agreements by architects and engineers in or in connection with certain construction contracts. This bill would have increased litigation costs by prohibiting an owner from contracting with a design professional for the defense of a third-party claim based on a defect in the design. The bill broadly addressed a court decision in California that found that a duty to defend is separate from a duty to indemnify—no court in Texas has ruled on this issue. The bill assumed that a property owner can buy insurance to protect it in the event of a design defect claim and makes void ANY contractual duty to defend, not just one associated with a duty related to a person’s negligence other than the engineer/architect. The bill died in the Senate.
- HB 2901 by Jeff Leach**
 HB 2901 is another contract liability bill relating to the civil liability and responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property. This bill would have intruded on a company’s ability to assign risk via contract when engaging a firm on a comprehensive building project. The bill did not pass.

CRITICAL INFRASTRUCTURE PROTECTION ACT

Texas Establishes Stronger Protections for Critical Infrastructure

AUSTIN—A new law passed by the House and Senate establishes protections for our state’s critical infrastructure facilities to safeguard against illegal activities that damage facilities or interrupt the facilities’ operations. HB 3557, the Critical Infrastructure Protection Act, simultaneously provides tougher punishment to deter illegal activity while maintaining the rights of those who wish to legally and respectfully protest and express free speech.

Todd Staples, president of the Texas Oil & Gas Association, released the following statement praising passage of HB 3557:

“Every single Texan relies on the products and services made possible because of our state’s critical infrastructure facilities, whether it is our agriculture systems, dams and water structures, manufacturing and refining facilities, electric transmission lines and substations, or fuel pipelines. Unfortunately, we have seen too many examples of illegal activity that is costly to businesses and local governments and puts employees of these facilities and emergency first responders in danger. Stronger protections against intentional damage, delays, and stoppages caused by illegal activity will ensure that critical infrastructure can continue to serve all Texans.”

TXOGA Communications worked with the Legislative team to prepare 1-pagers on this bill as it worked its way through the process.

 [CIPA Version 1](#)

 [CIPA 5/1/19 Distribution 1-Pager](#)

 [CIPA 5/20/19 Distribution 1-Pager](#)

 [CIPA 5/26/19 Final Dist 1-Pager](#)

Eminent Domain

TXOGA spent countless hours meeting and negotiating with landowner groups and lawmakers to find a workable solution to address landowner-expressed concerns with our state's eminent domain system. While meaningful improvements were offered that sought to remedy perceived problems with initial offers, easement terms and landowner meetings, regrettably, a balanced and functional eminent domain bill was not agreed upon this session. TXOGA remains committed to working with landowners and the Texas Legislature in the development of a compromise on eminent domain reform.

- **SB 421 by Lois Kolkhorst**

This legislation did not pass but was the vehicle for negotiations throughout session.

EMINENT DOMAIN AND COMMUNICATIONS

TXOGA's Communications efforts were a crucial part of the Association's eminent domain efforts. Multiple strategies were deployed to help influence decisions, including:

Deliverables: social media ads, graphics, videos, and 1-pagers, examples below:

- [Energy In Depth 1-pager](#)
- [Handout for LRM Hearing](#)
- [Vote No on HB 991 Flyer](#)
- [Handout for State Affairs Hearing](#)

TXOGA social media advertising campaigns: Through our Phone2Action campaign and partnering with API, Texans sent emails to their representatives urging them to support an agreed to bill.

- **16,187 emails** were sent to members of the Texas Legislature and state leadership
- Coordination and assistance to TXOGA member companies and other allied organizations to dispatch their employee networks and advocates
- Over **26 million impressions** via social media advertising campaigns targeting constituents in targeted lawmakers' districts as well as lawmakers, committees and staffers in the Texas Capitol.
- Intensive social media activity focused on pro-infrastructure messaging

Coalition for Critical Infrastructure engaged in organized communications effort deployed through TXOGA

- Social media efforts ([Twitter](#) and [Facebook](#))
 - Coordinated the release of the "[Critical Infrastructure for Texas Growth](#)" study & [Study 1-pager](#)
- Produced [CCI video](#) highlighting the necessity of infrastructure development in Texas
- Statements, columns and interviews when needed and appropriate, including:
 - [Diverse Coalition of Public and Private Entities Join Together in Opposition to SB 421](#)
 - [Senate Committee Votes to Increase Litigation, Stifle Revenue Growth for Schools, Roads](#)

ADDITIONAL ADVOCACY & COMMUNICATIONS



Inauguration and State of the State

TXOGA and its members were instrumental in supporting Greg Abbott's second inauguration as Governor of Texas.

TXOGA on Governor Abbott's State of the State Address

February 5, 2019

AUSTIN—The following can be attributed to Todd Staples, president of the Texas Oil & Gas Association:

“As the Governor pointed out, Texas is number one in the nation for oil and natural gas production, and the Texas oil and natural gas industry is responsible for helping the United States achieve something that for decades has seemed unattainable – energy independence.”

Read the full statement at <https://www.txoga.org/txoga-on-governor-abbotts-state-of-the-state-address/>

Annual Economic Impact Statement

TXOGA released its annual economic impact statement in early Spring, providing Texas lawmakers and the general public with statistics reflecting the enormous impact the Texas oil and natural gas industry has on local and state government and essential sectors of our state including public education, universities, roads, and emergency services. From one study we created multiple narratives about industry's meaningful economic impact.



Oil and Natural Gas Royalties Paid to State Up 18%, Totaling \$2.0 billion in FY 2018

January 17, 2019

AUSTIN—The Texas oil and natural gas industry paid \$2.0 billion in royalties to the State of Texas in fiscal year 2018, up 18 percent over the previous year. The majority of these royalties are used to capitalize the Permanent School Fund (PSF), which benefits the public schools of Texas, and the Permanent University Fund (PUF), which benefits public higher education in Texas.



Oil and natural gas royalties constitute the only substantive new-money capital deposited annually to the PSF and PUF, according to the Texas Oil & Gas Association (TXOGA). In addition to state royalties, the oil and natural gas industry pays billions of dollars in state and local taxes, figures that have also increased substantially.

Read more at <https://www.txoga.org/oil-and-natural-gas-royalties-paid-to-state-up-18-totaling-2-0-billion-in-fy-2018/>

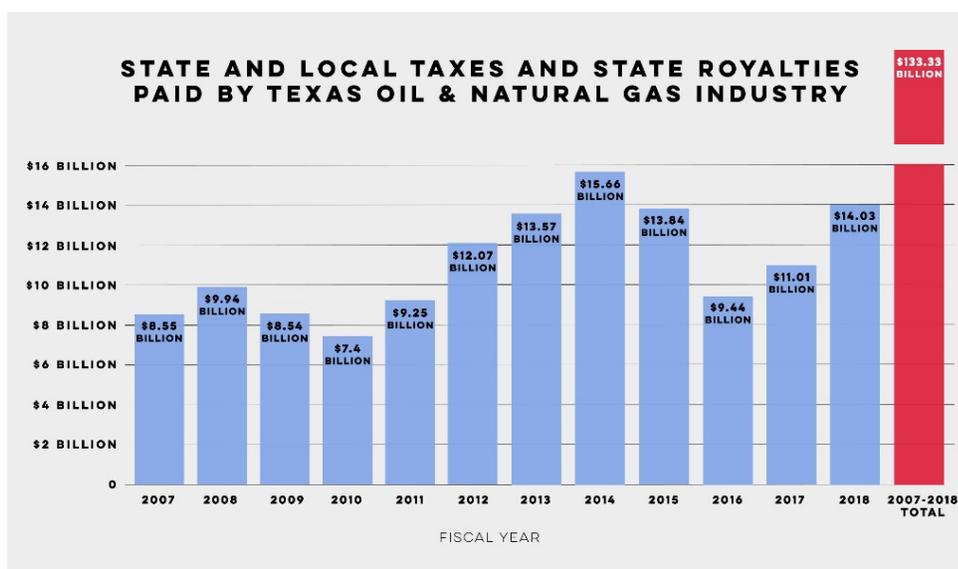


Texas Oil and Natural Gas Industry Paid More than \$14 Billion in Taxes and Royalties in 2018, Up 27% from 2017

February 13, 2019

According to just-released data from the Texas Oil & Gas Association (TXOGA), the Texas oil and natural gas industry paid more than \$14 billion in state and local taxes and state royalties in fiscal year 2018, up 27 percent from fiscal year 2017 and the second-highest total in Texas history. TXOGA President Todd Staples hosted a media briefing this morning to share the data as well as the Association's priorities for the 86th Legislature.

In noting that 2019 is TXOGA's Centennial Year, Staples said, "As we celebrate 100 years of oil and natural gas, we are proud to report that the Texas oil and natural gas industry has paid \$133 billion in state and local taxes and state royalties, just since 2007."



Read more at <https://www.txoga.org/texas-oil-and-natural-gas-industry-paid-more-than-14-billion-in-taxes-and-royalties-in-2018-up-27-from-2017/>



2018 Texas Oil and Natural Gas Legislative District Vital Statistics

March 8, 2019

TXOGA made available the vital statistic 1-pagers for each Texas legislative district reflecting the positive influence of oil and natural gas, including jobs and revenue generated by this industry, as well as the oil and natural gas production for 2018 that has ushered in a new era of energy security for Texas and the United States.

Read more at <https://www.txoga.org/texas-oil-and-natural-gas-legislative-district-vital-statistics/>.



Texas Energy Day @ the Capitol

In addition to providing unrivaled advocacy for its members on issues at the Texas Capitol, TXOGA built upon its effort to increase grassroots engagement, mobilizing voices across Texas that helped shape the debate at the Capitol and in communities across the state. Hundreds of these Texans joined us for the 2nd Biennial Texas Energy Day at the Capitol. The event allowed lawmakers and their staff to see first-hand the impressive technology and equipment used in oil and natural gas production and transportation. Texas Energy Day participants visited every office in the Capitol and urged lawmakers to hold fast to the policies that allow Texas to safely and responsibly develop our natural resources and provide exceptional jobs for so many Texans.

TEXAS ENERGY DAY

@ THE CAPITOL

Hundreds of Texans, 60+ Organizations Convene for Texas Energy Day @ the Capitol *Texas Oil & Natural Gas Technology, Innovation and Pride on Display at Capitol*

February 20, 2019

AUSTIN – Technology, innovation and Texas pride are the main attractions at today's Texas Energy Day @ the Capitol, an event sponsored by more than 60 companies, associations and chambers of commerce from across the state. Over 700 Texans joined in Austin to share with their lawmakers why oil and natural gas matters to them, their families, and the state.

Read more at <https://www.txoga.org/hundreds-of-texans-60-organizations-convene-for-texas-energy-day-the-capitol/>

2019 Texas Energy Day @ the Capitol Recap Video

2019 Texas Energy Day @ the Capitol Communications Report

The Importance of Energy Advocacy

March 18, 2019

Throughout the month of February, the Texas Oil & Gas Association (TXOGA) prepared for our biggest Energy Day ever – an event as big and impactful as the energy industry has been to the State of Texas over the last 100 years.

Read more at <https://www.txoga.org/the-importance-of-energy-advocacy/>.



Critical Infrastructure Study

TXOGA partnered with API on a study on the importance of critical infrastructure investment to grow the Texas economy. The study – “Critical Infrastructure for Texas Growth” – was provided to lawmakers to demonstrate that infrastructure capacity constraints can be “severely limiting” and that “a significant portion of forecasted growth of the Texas economy is at risk without infrastructure investment.”

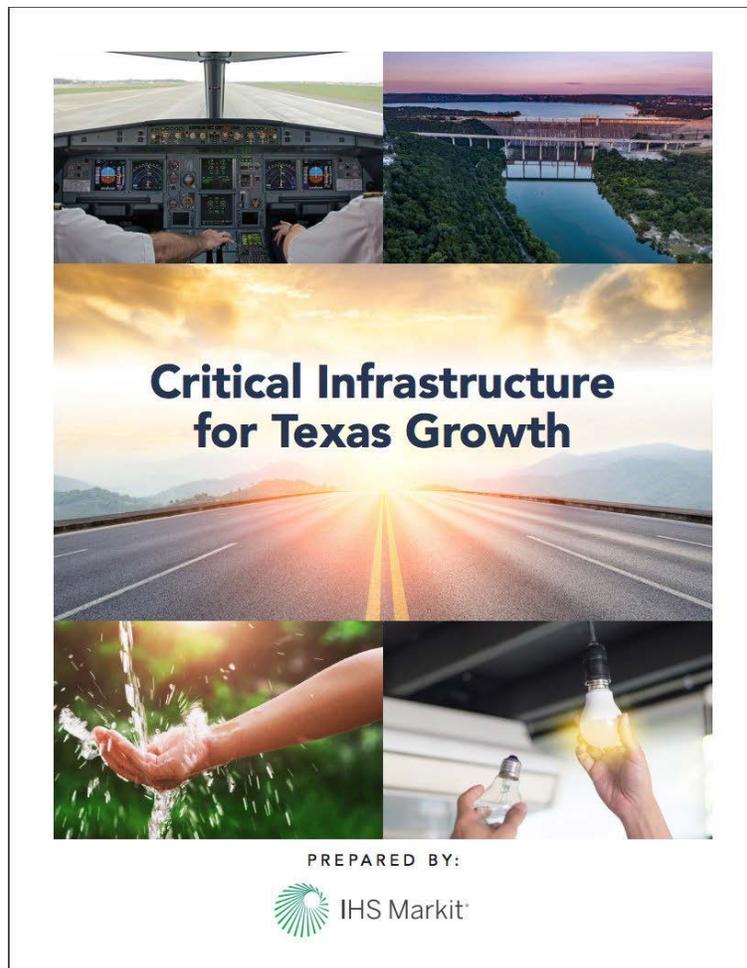
New Study Shows that Infrastructure Constraints Will Stifle Economic Growth in Texas

March 25, 2019

AUSTIN—A new study released today demonstrates the importance of critical infrastructure investment to grow the Texas economy and the economic fallout that would result from infrastructure constraints.

Read more at https://www.ccitx.org/infrastructure_constraints_stifle_growth_in_texas

- [1-Pager on Study](#)



Keep Texas First

TXOGA was a member of the Keep Texas First Coalition, which urged lawmakers to renew Chapter 312 of the Tax Code, which allows cities, counties, and special districts to offer a temporary property tax exemption to a new investment project. TXOGA efforts included social media efforts, interviews, and additional advocacy efforts as deemed necessary.

TXOGA has prepared the following statement in anticipation of this legislation being signed into law by the Governor:

TXOGA Applauds Extension of Chapter 312 as an Important Economic Development Tool

AUSTIN—Todd Staples, president of the Texas Oil & Gas Association, released the following statement applauding Governor Abbott for signing into law HB 3143, which provides for a 10-year extension of Chapter 312:

“Texas is consistently ranked as the best state for business and Chapter 312 will ensure Texas remains competitive with other states for major industrial projects, which benefit all Texans through job growth, investment, and sales tax growth. This is an important economic development tool for local leaders in Texas, and we are pleased that Texas lawmakers recognized that in renewing Chapter 312.”

If you have any questions or need any additional information please contact Tulsi Oberebeck, Director of Government and Regulatory Affairs, at toberbeck@txoga.org or Shana Joyce, Director of Government and Regulatory Affairs, at sjoyce@txoga.org