2025 LEGISLATIVE REPORT

TEXAS INDEPENDENT PRODUCERS & ROYALTY OWNERS ASSOCIATION

TIPRO is one of the oldest and largest oil and natural gas advocacy non-profit organizations in the state of Texas. TIPRO's nearly 3,000 members include small family-owned oil and gas businesses and the largest publicly traded independent producers, in addition to large and small mineral estates and trusts.

The association's mission is to preserve the ability to explore and produce oil and natural gas and to promote the general welfare of its members.

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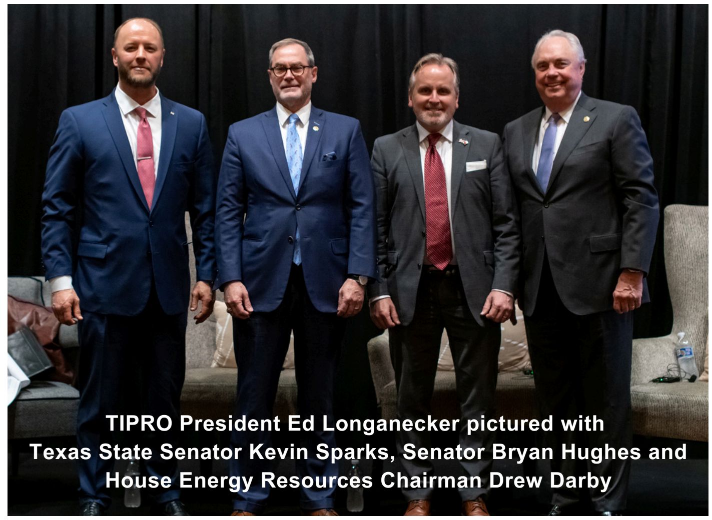
INTRODUCTION

A MESSAGE FROM TIPRO PRESIDENT ED LONGANECKER

The 89th Regular Texas Legislature addressed a wide range of important issues affecting energy producers and mineral owners in Lone Star State. The policies ultimately passed at the capitol by our state legislators and signed into law by the governor will help keep our state a global leader in energy.

During the 2025 Regular Legislative Session, 9,014 bills and constitutional amendments were filed by Texas legislators, the most filed ever in Texas History, of which 1,241, or about 13 percent, passed. Pursuant to Article IV, Section 14, of the Texas Constitution, Governor Greg Abbott exercised his authority and vetoed a total of 28 bills. Within this volume of legislation put forth by lawmakers this year, TIPRO tracked a total of 258 bills of relevance to the oil and natural gas industry and took formal positions on 106 pieces of legislation. Thanks to the concerted work of our policy team and members, I am happy to report that 100 percent of the bills opposed by TIPRO this year failed, and 70 percent of bills supported by our association passed.

This year, our association's focus was on solutions addressing escalating oilfield theft in the state of Texas, advocating for the booming liquefied natural gas industry, supporting appropriation requests from key state energy agencies, backing water infrastructure funding and encouraging long-term funding solutions to the energy sector's transportation infrastructure needs. TIPRO also worked diligently this session on behalf of our membership to oppose all onerous policies specifically targeting the oil and natural gas industry.



TIPRO President Ed Longanecker pictured with Texas State Senator Kevin Sparks, Senator Bryan Hughes and House Energy Resources Chairman Drew Darby

Throughout the legislative session, TIPRO's team participated in regular meetings with elected officials to voice the association's support or concerns over legislation under consideration by the 89th Legislature, while simultaneously conducting weekly meetings with TIPRO committees and providing frequent communication with our full membership to keep them apprised of the status of our policy agenda.

Thanks to the diligent work of our legislative team, our association had another successful session and was able to accomplish legislative goals which achieved many key priorities for the membership of TIPRO.

On the pages that follow, I am pleased to present TIPRO's 2025 End-of-Session Legislative Report and analysis, which highlights legislation of significance to the industry that was passed by the 89th Legislature and explains other proposed bills that were defeated or failed to pass in time of legislative deadlines.

Thank you,
Ed Longanecker

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ANALYSIS OF BILLS BY SUBJECT (REGULAR SESSION)

OILFIELD THEFT

ORGANIZED OILFIELD THEFT PREVENTION UNIT (HOUSE BILL 48/HOUSE BILL 3035/SENATE BILL 1320)
AUTHORS: REP. DREW DARBY AND SENATOR KEVIN SPARKS

ANALYSIS: House Bill 48 by Rep. Drew Darby and the identical Senate Bill 1320 by Senator Kevin Sparks is an oilfield theft bill that requires the director of the Texas Department of Public Safety (DPS) to create an organized oilfield theft prevention unit. In addition to enforcing laws pertaining to the theft of oil, gas and related equipment, the unit will also develop and deploy specialized training, resources and policing strategies to local law enforcement tailored to investigating and preventing organized oilfield theft. The unit also will conduct public outreach and awareness initiatives to educate industry professionals and communities on organized oilfield theft prevention and maintain a centralized database for tracking organized oilfield theft incidents and related criminal enterprises. House Bill 48 also requires DPS to submit a biennial report to the legislature detailing the unit's activities and effectiveness and include legislative or administrative recommendations to improve the efficacy of the unit.

TIPRO EFFORTS: TIPRO began working on the oilfield theft-related issues during the 88th legislative interim prior to the 89th Legislative Session. The association spoke with TIPRO members about their problems with oilfield theft, and also spoke with the Railroad Commission of Texas, local and state law enforcement and the FBI about the matter. TIPRO then brought the issue to the attention of state representatives and senators, the Railroad Commission, the lieutenant governor and the governor. In TIPRO's research regarding the history of oilfield theft laws in the state as well as current state of oilfield theft laws, TIPRO found that an Oilfield Theft Prevention Unit has historically existed within the Railroad Commission but was last explicitly funded in the 1994 -1995 State Budget.

After speaking with Senator Sparks' office, the Republican senator out of Midland, his office decided to take a multi-pronged approach to addressing oilfield theft but concluded that establishing the Oilfield Theft Prevention Unit with the Railroad Commission was priority number one.

The TIPRO State Issues Committee voted to support each of the bills in the multi-pronged approach to combat oilfield theft and prioritized the issues within TIPRO.

TIPRO collaborated with stakeholders on the problem and issued a one-pager to all relevant committee members and members of the full legislature explaining the bill simply and providing information on what was being stolen and by who.

The one-pager noted that despite operators' best efforts to secure and protect operations, theft is a constant problem in the oilfield. The nature of the theft locations, being in the more rural regions of Texas, makes theft difficult to trace, identify, and prosecute. The one-pager identified problems associated with oilfield theft that include:

- Armed criminals pose a potential risk to both landowners and workers
- Significant operational disruptions, including downtime to repair/replace equipment and loss of production, as well as substantial financial losses
- Disproportionate impacts to smaller operators who don't have the resources or manpower for full-time security teams and theft mitigation technology such as cameras and real-time sensors across so many sites
- Potential for environmental impacts when equipment is removed or damaged

TIPRO President Ed Longanecker testified before committees on oilfield theft and issued statements to the press elevating the importance of the legislation. When the bill finally passed both chambers, TIPRO spoke directly with the governor's office advocating in support of the legislation and offering to serve as a resource should any issues arise.

BILL STATUS/EFFECTIVE DATE: House Bill 48 was filed in the Texas House on March 14, 2025, and referred to the House Committee on Energy Resources. After a public hearing and committee discussion on March 24, a committee substitute was adopted and the bill was unanimously voted out of the committee in a formal session on April 3. The House Calendars Committee placed House Bill 48 on the General State Calendar, and it was heard by the full House on April 23. The bill was passed out of the House and sent to the Senate by a vote of 141 to 4. The engrossed bill was received by the Senate on April 24, referred to the Senate Committee on Criminal Justice on April 28, and scheduled for a public hearing on May 13, where testimony was heard and the committee unanimously voted to the Senate floor. On May 19, the Senate suspended the three-day rule and passed House Bill 48 by a vote of 30 to 1. The enrolled bill was signed by both chambers on May 20, sent to Governor Abbott the same day, and signed into law on May 29, 2025, with immediate effect. The bill became effective immediately because of the level of support the bill received in each chamber - over three-fifths support.

PETROLEUM PRODUCT THEFT PREVENTION TASK FORCE (SENATE BILL 494/HOUSE BILL 1647)
AUTHORS: SENATOR SPARKS AND REP. BROOKS LANDGRAF

ANALYSIS: Senate Bill 494 by Senator Sparks and the identical House Bill 1647 by Rep. Brooks Landgraf requires the Railroad Commission of Texas to create a task force focused on preventing the theft of petroleum products. The task force is required to include representatives from the oil and natural gas industry, an energy trade association and law enforcement agencies. The task force is also required to meet quarterly and may conduct meetings virtually. The task force will complete a continuous study on the theft of petroleum products, including reviewing laws in other jurisdictions and analyzing impacts on sales tax and long-term economics. Recommendations from the committee must include outreach and training for law enforcement on combating oilfield theft. The task force is permitted to consult with external organizations and share information on criminal investigations, providing exceptions to some confidentiality rules.

Finally, Senate Bill 494 requires a report be submitted biennially to the governor, the lieutenant governor, the speaker of the House of Representatives, the Railroad Commission of Texas, and each standing committee of the legislature with primary jurisdiction over oil and gas matters, emphasizing legislative recommendations for transparency, security and economic impacts related to theft of petroleum products.

TIPRO EFFORTS: The Petroleum Theft Task Force was one of the first concepts developed by conversations that TIPRO had with members, state and federal law enforcement, agencies and legislators. As mentioned before, the TIPRO State Issues Committee voted to support the multi-pronged approach to combating oilfield theft and the task force provided a centralized place for oilfield theft to be considered by relevant parties. TIPRO met with House and Senate committee members and members of the full legislature as well as distributed one-pagers, explained the issue to lawmakers and answered any questions regarding the issue. TIPRO President Ed Longanecker testified before committees on the oilfield theft task force and issued statements to the press elevating the importance of the legislation. When the bill finally passed both chambers, TIPRO spoke directly with the governor's office advocating in support of the legislation and offering to serve as a resource should any issues arise.

BILL STATUS/EFFECTIVE DATE: Senate Bill 494 was filed in the Senate on November 22, 2024, and first read in the Senate on February 3, 2025, when it was referred to the Senate Committee on Natural Resources. On March 5, 2025, the committee unanimously voted to pass the bill out of committee and recommended that it be placed on the local and uncontested calendar. Following committee approval, the Senate suspended its constitutional three-day rule and unanimously passed Senate Bill 494 on March 12, 2025. The bill then crossed over to the House, where it was referred to the House Committee on Energy Resources, heard in a formal public hearing and unanimously voted out on March 24. The bill was heard by the full House and passed on May 1st by a vote of 136 to 8. The enrolled bill was formally signed by both chambers on May 8, 2025, then sent to the governor. Governor Abbott signed Senate Bill 494 into law on May 20, 2025, and it took effect on September 1, 2025. In October, TIPRO President Ed Longanecker was appointed by state leaders to serve on the Petroleum Product Theft Prevention Task Force.

EXPANSION OF ENFORCEMENT AND PENALTIES FOR OILFIELD THEFT (SENATE BILL 1806/HOUSE BILL 3707)
AUTHORS: SENATOR SPARKS AND REP. TOM CRADDICK

ANALYSIS: Senate Bill 1806 is another comprehensive oilfield theft-related bill. First, the bill authorizes specially trained DPS agents to conduct comprehensive inspections of cargo tanks suspected of being used to transport a petroleum product in the state and submit the sample to a crime laboratory for forensic analysis. Through the asset forfeiture process, the bill allows an officer who takes custody of a petroleum product alleged to have been stolen to arrange for the total amount of the petroleum product to be sold at market rate. The process allows for stolen product to be recovered by who the product was stolen from or recoup the funds if proven it was their product stolen.

The bill defines oil and gas equipment and increases the penalties for theft of petroleum products and oil and gas equipment. Penalty increases are based on the total value of oil and gas equipment unlawfully appropriated:

- It is a felony of the first [second] degree if the total value of the petroleum product appropriated is $100,000 or more;
- a felony of the third degree if the total value of the oil and gas equipment appropriated is less than $10,000;
- a felony of the second degree if the total value of the oil and gas equipment appropriated is $10,000 or more but less than $100,000; or (3) a felony of the first degree if the total value of the oil and gas equipment appropriated is $100,000 or more.

Senate Bill 1806 also adds the following offenses to the increased penalty ladder:

- transporting to a waste disposal location a petroleum product in which the initial owner cannot be identified.
- purchasing petroleum products from a person that is not authorized by the Railroad Commission of Texas to sell the petroleum product; and
- storing, purchasing, or trading a petroleum product for financial benefit by means of a method that is not authorized by the Railroad Commission of Texas.

Finally, the bill creates a criminal offense for drilling or operating a disposal well without a permit from the Railroad Commission and sets the penalties for the offense as follows:

- a felony of the third degree if no oil and gas waste has been disposed of or the total value of the oil and gas waste disposed of is less than $10,000.
- A felony of the second degree if the total value of the oil and gas waste disposed of is $10,000 or more but less than $100,000; or
- a felony of the first degree if the total value of the oil and gas waste disposed of is $100,000 or more.

TIPRO EFFORTS: The TIPRO State Issues Committee voted to support the multi-pronged approach to combating oilfield theft and increasing penalties and penalizing nuanced aspects of oilfield theft were a key component of addressing the issue. TIPRO met with House and Senate committee members and members of the full legislature and distributed one-pagers, explained the issue to lawmakers and answered any questions. TIPRO President Ed Longanecker testified before committees on the oilfield theft issues inclusive of increasing penalties and adding oilfield equipment to the offenses. Longanecker also issued statements to the press on the bill elevating the importance of the legislation. When the bill finally passed both chambers, TIPRO spoke directly with the governor's office advocating in support of the legislation and offering to serve as a resource should any issues arise.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1806 was filed in the Senate on March 3, 2025, and referred to the Senate Committee on Criminal Justice on March 13. The committee held a public hearing and unanimously voted the bill out of committee on April 8, recommending that the bill be placed on the Local & Uncontested Calendar. The Senate then suspended its three-day rule and passed the bill unanimously on April 16. In the House, the bill was received on April 17, referred to the House Energy Resources Committee, and after committee consideration on April 24, voted out unanimously. On April 29, the full House debated, amended, and unanimously passed Senate Bill 1806. After House amendments were concurred by the Senate on May 5, the enrolled bill was signed by both chambers on May 7th and sent to Governor Abbott. Governor Abbott signed Senate Bill 1806 into law on May 19, 2025, in Midland, and it went into effect on September 1, 2025.

INCREASED PENALTIES FOR COPPER AND BRASS THEFT (SENATE BILL 1646/HOUSE BILL 3552)
AUTHORS: SENATOR PHIL KING AND REP. COLE HEFNER

ANALYSIS: Senate Bill 1646 aims to protect critical infrastructure by combating copper theft and fiber vandalism. The bill increases the penalty for offenses involving copper and brass and establishes limitations on and reporting requirements for transactions related to copper and brass material.

TIPRO EFFORTS: In TIPRO discussions on oilfield theft, TIPRO Chairman T. Grant Johnson emphasized that copper wiring was a major component being stolen from oilfield properties. Thus, the TIPRO State Issues Committee voted to support Senate Bill 1646. TIPRO supported the bill in the House and Senate Committees and articulated support to committee members. When the bill finally passed both chambers, TIPRO spoke directly with the governor's office advocating in support of the legislation and offering to serve as a resource should any issues arise.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1646 was filed on February 26, 2025, and first read in the Senate on March 11, when it was referred to the Senate Criminal Justice Committee. The bill was considered in a public hearing on April 8, unanimously voted out of the committee April 10, and placed on the Senate Local and Uncontested Calendar. The Senate then suspended the three-day rule and passed Senate Bill 1646 by a vote of 23 to 8 on April 16. The bill moved to the House, where it heard in the House Committee on Homeland Security, Public Safety & Veterans' Affairs and unanimously passed to the House floor, where it was amended and passed on May 15th by a vote of 138 to 1. The Senate concurred with the House amendment unanimously on May 20, and the enrolled bill was signed by both chambers before being sent to the governor. Governor Abbott signed Senate Bill 1646 into law on May 30, 2025, and it went into effect on September 1, 2025.

METAL RECYCLING ADVISORY COMMITTEE COMPOSITION (SENATE BILL 1043/HOUSE BILL 4954)
AUTHORS: SENATOR SPARKS AND REP. LANDGRAF

ANALYSIS: Current Occupations Code, Section 1956, requires DPS to establish an advisory committee to advise the department on matters related to their regulation of metal recycling entities. The committee currently consists of 15 members. Senate Bill 1043 would have expanded the committee to 17 members by adding to the committee: 1 sheriff who has experience investigating the theft of tubular steel used in the process of drilling and completing oil and gas wells; and one member who represents the oil and gas industry.

TIPRO EFFORTS: Last session, the TIPRO State Issues Committee voted to support House Bill 3368/Senate Bill 1321 that would have added tubular steel to the list of regulated metals, which would subject tubular steel resellers to record-keeping and reporting requirements to reduce theft. The bill failed to pass, but Senate Bill 1043/House Bill 4954 became this session's attempt to raise awareness about tubular theft as it pertained to the oil and gas industry. The TIPRO State Issues Committee voted to support the bill.

BILL STATUS/EFFECTIVE DATE: House Bill 4954 was referred to the House Committee on Natural Resources and Senate Bill 1043 was referred to the Senate Committee on Homeland Security, Public Safety & Veterans' Affairs, but neither bill was brought up for a public hearing in its respective committee and therefore never moved any further in the legislative process.

OIL AND GAS EQUIPMENT THEFT CRIMINAL OFFENSE (SENATE BILL 1054)
AUTHOR: SENATOR JUDITH ZAFFIRINI

ANALYSIS: Senator Zaffirini passed Senate Bill 1871 in the 85th Legislative Session creating a theft ladder for the theft of a "petroleum product," defined as crude oil, natural gas, or condensate. The original version of the bill included oilfield equipment, which was removed due to the broad nature of the term 'oilfield equipment,' with one senator noting that it could include an accidentally misappropriated tire or hammer.

Senate Bill 1054 would have added oilfield equipment back into Senate Bill 1871, making it subject to the theft ladder created by Senate Bill 1871 with a minor change. The lowest theft ladder offense of a state jail felony does not kick in unless the value of the theft is $2,500-$10,000. Thus, the appropriation of oilfield equipment would be unlawful if it is without the owner's effective consent.

An offense would have been: 1) a state jail felony if the total value of the petroleum product appropriated is greater than $2,500 less than $10,000; 2) a felony of the third degree if the total value of the petroleum product appropriated is $10,000 or more but less than $100,000; 3) a felony of the second degree if the total value of the petroleum product appropriated is $100,000 or more but less than $300,000; 4) a felony of the first degree if the total value of the petroleum product appropriated is $300,000 or more.

The bill defined "oil and gas equipment" as machinery, drilling equipment, welding equipment, pipeline equipment, fittings, pumps, vehicles, or other equipment and materials part of or incident to the exploration, development, maintenance, and operation of oil and gas properties, including oil and gas wells, oil and gas leases, gasoline plants, and refineries.

TIPRO EFFORTS: Given Senator Zaffirini's efforts on oilfield theft in the 85th Legislative Session with Senate Bill 1871 and the location of her district, TIPRO approached Senator Zaffirini to discuss oilfield theft bill concepts. Senator Zaffirini was very receptive to addressing the issues and drafted and filed Senate Bill 1054. The TIPRO Voting State Issues committee elected to support the bill and articulated our support to the Senate Committee on Criminal Justice. Other legislation that achieved the same goal of Senate Bill 1054 advanced in its place.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1054 was referred to the Senate Committee on Criminal Justice, but because other oilfield theft bills that had similar goals were moving, the bill was never brought up for a public hearing in committee and therefore died.

INCREASE OF PENALTIES FOR THEFT OF A PETROLEUM PRODUCT (SENATE BILL 1123)
AUTHOR: SENATOR CÉSAR BLANCO

ANALYSIS: Senate Bill 1123 increases the penalty for theft of a petroleum product to the next higher category of offense if shown that the criminal: organized, oversaw, possessed a firearm during the offense, had previously been convicted of a similar offense, or is part of a conspiracy.

TIPRO EFFORTS: The TIPRO Voting State Issues committee elected to support the Senate Bill 1123 and articulated our support to the Senate Committee on Criminal Justice. Other legislation that achieved the same goal of Senate Bill 1123 advanced in its place.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1123 was referred to the Senate Committee on Criminal Justice, but because other oilfield theft bills that had similar goals were moving, the bill was never brought up for a public hearing in committee and therefore never moved further.

INACTIVE AND ORPHANED WELLS

INACTIVE WELL PLUGGING (SENATE BILL 1150/HOUSE BILL 2766)
AUTHORS: SENATOR MAYES MIDDLETON AND REP. CHARLIE GEREN

ANALYSIS: Senate Bill 1150, the Inactive Well Plugging Bill, by Senator Mayes Middleton will require the plugging of an inactive well that has been inactive for more than 15 years and was completed 25 years ago or more. The bill allows for the Railroad Commission to provide for an extension to the plugging of an inactive well if one is requested by an operator and the commission determines the operator's demonstrated history of returning inactive wells to operation warrants the granting of the extension or if a reasonably prudent operator is facing a financial hardship. An extension may also be granted if an inactive well is included in a compliance plan submitted to and approved by the commission in which the operator commits to plugging or restoring the inactive well to operation by September 1, 2040 (details on the Railroad Commission compliance plan considerations can be found below). Finally, an extension can also be provided by the commission if the operator files with the commission an individual performance bond to cover the full cost of plugging the inactive well that they want extended and the bond runs with and covers the lifetime of the well, regardless of a change in the operator.

For the transfer of an inactive well to another operator, the commission will require the operator to whom the inactive well will be transferred to certify that the operator's wells are in compliance with this bill. Failure to do so will be subject to an administrative penalty. The bill also mandates that operators submit a report to the commission no later than the 16th anniversary of the date a well became inactive with the results of a successful fluid level test or hydraulic pressure test of the well and it must include appropriate documentation of the results of the test.

The bill outlines the process for requesting the exception to immediate plugging of wells through the approval of a compliance plan for inactive wells. Through the compliance plan an operator of a well commits to plug, or restore to active operation, the inactive well prior September 1, 2040. The bill details what the Railroad Commission must consider when approving a compliance plan:

1. the number of years the well has been inactive and its age;
2. current economic conditions;
3. the well operator's percentage of inactive wells as compared to its total well count;
4. any plan of action by the well operator to plug or bring its inactive wells into production, injection, or other service operation, which must include a compliance report to be submitted to the commission annually with the operator's P-5 renewal;
5. whether the operator has financial assurance to cover the actual plugging costs of each well;
6. the well operator's record of compliance, the history of any previous violations, and the seriousness of any previous violations;
7. any potential hazards to the health and safety of the public or environmental risks posed by the inactive well; and
8. the demonstrated good faith of the well operator.

Operators whose compliance plan is denied may request a hearing from the commission.

The bill also requires the commission to submit an annual report to each member of the legislature on inactive wells in Texas by September 1, 2026, and yearly thereafter. The report must include: the number of inactive wells in Texas, the age and duration of inactivity of these wells, the quantity of inactive wells that use various methods for extending their plugging deadlines, the identification of financial assurance methods for inactive wells and a count of the inactive wells for each assurance category, the number of inactive wells and total wells plugged in the previous 12 months, including breakdowns by industry and commission district, the number of inactive wells that resumed production, injection, or other operations in the past year, the statistical summary of operators of inactive wells, including categorization by P-5 status, data on P-5 Organization Reports revoked, including operator counts, financial assurance totals, and amounts collected, and the annual cost calculation for plugging an inactive well.

TIPRO EFFORTS: This session, the legislature in conjunction with the Railroad Commission prioritized reducing the number of inactive wells in the state in order to reduce the number of orphaned wells ending up on the commission's books. The legislature at one point even withheld funding in the budget for orphaned well plugging to incentivize action on the issue.

Prior to session, TIPRO made members aware that inactive well legislation was imminent. Early in session, TIPRO, our State Issues Committee chairman, and other stakeholders met with Senator Middleton to discuss a preliminary draft of Senate Bill 1150, the inactive and orphaned well issue, and provide industry feedback on the draft legislation, which was well received.

The TIPRO State Issues Committee was unable to reach the 51 percent voting threshold required to support the bill despite concession from lawmakers due to the burden the bill would place on a number of TIPRO members and thus stood neutral on the bill. TIPRO articulated this position to Senator Middleton's office and made clear that TIPRO would remain at the discussion table and attempt to work through member concerns in the bill. TIPRO discussed concerns with members of the Senate Natural Resources Committee and the House Energy Resources Committee and facilitated conversations between TIPRO members and members of the legislature.

As the bill made it through the legislative process, the House Companion, House Bill 2766, was heard in the House Committee on Energy Resources. The bill was heard as it was originally filed with no changes from stakeholders, which would have made the bill onerous and completely untenable. TIPRO articulated these concerns to House Energy Resources Committee members as well as House Calendars Committee members who ultimately agreed to move Senate Bill 1150 as it had been negotiated by stakeholders.

Following the passage of the bill, TIPRO announced that it will be putting together an Inactive Well Task Force to engage with the Railroad Commission on the rulemaking for Senate Bill 1150 and offer industry driven recommendations throughout the process.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1150 was filed in the Texas Senate on February 6, 2025, and referred to the Senate Natural Resources Committee. The bill was scheduled for a public hearing on March 12, where testimony was taken, but the bill was left pending in committee. After a formal committee vote, a committee substitute was voted out of the committee favorably on April 14, 9 to 0. The Senate suspended the constitutional three-day posting rule to hear the bill on April 22nd and passed the bill to the House 30–1. In the House, the bill was read for the first time on April 24th and referred to the House Energy Resources Committee. On May 8, the committee formally considered a committee substitute version of the bill and voted it favorably out of committee 9 to 0. The bill was then heard on the House General State Calendar on May 22, amended, and finally passed back to the Senate on May 23rd - passing it overwhelmingly 128 to 0. The Senate unanimously concurred with changes to the bill made by House amendments, and Senate Bill 1150 was sent to the governor on May 28, and officially signed into law on June 20, 2025. While the bill's effective date is September 1, 2025, the passed version of the bill will allow for a two-year implementation period (2027) and allow the Railroad Commission to promulgate a rulemaking by December 2026 with an effective date of September 1, 2027.

ORPHANED WELL REDUCTION (SENATE BILL 1146/HOUSE BILL 3911)
AUTHORS: SENATOR BRIAN BIRDWELL AND REP. DARBY

ANALYSIS: Senate Bill 1146 by Senator Brian Birdwell and the identical companion House Bill 3911 by Rep. Drew Darby will authorize an operator in good standing with the Railroad Commission of Texas, who owns an interest in a current oil and gas lease or the mineral or surface estate of a tract with an orphaned well, to contract with a commission-approved well plugger to plug or replug the well. A well plugger who entered into such a contract would be required to:

- mail notice of the well plugger's intent to plug or replug the well to the operator of the well or the surface owner at the operator's or surface owner's address at least 30 days before the well was to be plugged or replugged; and
- plug or replug the well in accordance with agency rules.

Additionally, the bill exempts the operator or surface owner from liability for any plugging or replugging responsibility or damages that may occur as a result of acts done or omitted to be done relating to plugging or replugging the well.

The bill does not apply to surface owners on which an orphaned well was located if the surface owner was the operator who abandoned the well.

TIPRO EFFORTS: TIPRO has worked on legislation to allow operators to more easily plug orphaned wells on their leases in past sessions. This session, the TIPRO State Issues Voting Committee voted early in session to again support the concept and worked to pass Senate Bill 1146/House Bill 3911. TIPRO spoke to the commission about the bills, and supported both bills in the House Committee on Energy Resources and the Senate Natural Resources Committee. TIPRO also included our logo on a one-pager in support of the bill that TIPRO worked to circulate to members of the legislature. When the bill was finally passed, TIPRO spoke with Governor Abbott's office to explain the need for and articulate support for the bill and offer to remain a resource should any issues arise in the governor's signing process.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1146 was filed in the Texas Senate on February 6, 2025, and referred to the Senate Natural Resources Committee. The committee heard the bill in a public hearing and unanimously voted it favorably out of committee 8 to 0 after formal consideration. The full Senate heard the bill on March 27th and unanimously passed it over to the House. In the House, Senate Bill 1146 was referred to the House Committee on Energy Resources. The identical House Bill 3911 was heard in the House Committee on Energy Resources on April 14th and brought up for debate by the full House on May 14.

In a parliamentary maneuver, Senate Bill 1146 was laid out for consideration in lieu of House Bill 3911 so that the identical bill would not go through the full legislative process in the Senate. Senate Bill 1146 was unanimously passed by the House and sent to the governor on May 16. Governor Abbott signed Senate Bill 1146 on May 28, and the act went into effect on September 1, 2025.

RE-STIMULATION OF DEPLETING WELLS (HOUSE BILL 3159/SENATE BILL 782)
AUTHORS: REP. DARBY AND SENATOR KING

ANALYSIS: House Bill 3159 and the identical Senate Bill 782, known as the re-stimulation bill, will exempt hydrocarbons produced from a restimulation of an inactive well from oil and gas production taxes until the earlier of three years or the date on which the cumulative amount of taxes exempted reaches $750,000.

The bill would allow a well that has five years of reported production to apply for a severance tax reduction for a re-stimulation project for up to three years with the tax reduction capped at $750,000 to offset costs related to a re-stimulation operation.

To qualify for the exemption provided by the bill, the person responsible for paying the tax would have to apply to the comptroller. Restimulation costs include only the current and contemporaneous restimulation costs associated with performing the restimulation treatment.

The bill excludes high-cost gas operations, EOR operations, and provides for a $10,000 civil penalty plus the difference between the amount of taxes paid or attempted to be paid and the amount of taxes due plus an attorney general penalty for an operator that applies for an exemption but knows the well is not a qualifying well. The bill is a preemptive measure to keep low-producing wells from going into an inactive status.

House Bill 3159 was amended by committee substitute to apply only to inactive wells in order to reduce the fiscal impact of the bill to ensure its ability to pass.

TIPRO EFFORTS: TIPRO has worked on re-stimulation incentive legislation for the past few sessions. TIPRO met with the comptroller of public accounts and the Railroad Commission during the interim prior to the 88th Legislative Session to address concerns that the agencies could potentially foresee with the concept of the bills. After the bill failed to progress in the 88th Legislative Session, TIPRO again met with relevant agencies during the interim to continue to advocate for the bill.

This session, the TIPRO State Issues Committee again voted to support House Bill 3169/Senate Bill 782 and ranked it as a priority bill for the 89th Legislative Session.

TIPRO President Ed Longanecker spoke in favor of the bill when the bill was heard publicly in committee. TIPRO advocated on behalf of the bill to members of the House and Senate Committees, and once the bill passed through committees, members of the full legislature. TIPRO also worked with interested stakeholders to distribute a one-pager in support of the bill. The one pager emphasized how restimulation offers an opportunity for technological innovation in the oil and gas industry, leading to more efficient and environmentally friendly extraction while enhancing Texas' energy production and energy independence. The one-pager pointed out how despite the potential benefits, restimulation across the oil and gas industry only represented only about 2 percent of well completions. When the bill finally passed both chambers, TIPRO discussed the bill with the governor's office indicating the high level of priority that the bill was for TIPRO and offering to serve as a resource should any questions or issues arise.

BILL STATUS/EFFECTIVE DATE: House Bill 3159 was introduced in the Texas House on February 21, 2025. It was referred to the House Committee on Ways and Means, where after testimony and a committee substitute, the House voted it favorably out of committee on May 7 by a vote of 11 to 1. The bill was then heard by the full House on May 14th General State Calendar and passed to the Senate 121 to 7. The engrossed bill was received by the Senate on May 15, referred to the Senate Finance Committee after a first reading on May 16th and following committee review, it was voted on by the committee. The first attempt to vote the bill out of committee failed on May 21st but the vote was reconsidered and was voted favorably out of committee on May 23. The Senate suspended its three-day rule, read the bill for a second time, and passed it unanimously 31 to 0 on May 26. The bill was sent to Governor Abbott on May 28th and signed into law on June 20, 2025. The act will take effect on January 1, 2026.

SURFACE OWNER RIGHTS FOR RAILROAD COMMISSION-PLUGGED WELLS (HOUSE BILL 3619)
AUTHOR: REP. JAY DEAN

ANALYSIS: House Bill 3619 requires the Railroad Commission, when plugging a well, to restore a tract's surface to the same as it existed prior to the plugging. The bill prohibits a person authorized to enter land from preventing the surface owner from accessing the land. Finally, the bill absolves a landowner of liability for damages created by the commission or authorized persons in dealing with an orphaned well.

TIPRO EFFORTS: The TIPRO State Issues Voting Committee met to discuss House Bill 3619 when it was filed and spoke with the Railroad Commission about the bill's requirements of the agency. The bill as originally filed created certain vague and potentially costly requirements ranging up to $14 million per year that would have to be funded out of the agency's existing budget. TIPRO spoke with the bill's author about the fact that the bill's concept was sound but made note of the unintended consequences. Rep. Dean's office made it clear that they intended to substitute the bill in order to make certain requirements clearer and to reduce the fiscal implication of the bill. As a result, the TIPRO Voting State Issues Committee elected to remain neutral on the bill in anticipation of substitute language. The bill was ultimately amended so that no fiscal implication to the state was anticipated.

BILL STATUS/EFFECTIVE DATE: House Bill 3619 was filed in the Texas House in early March 2025 and was referred to the House Committee on Natural Resources. Following review, a committee substitute was developed and formally voted out of the committee unanimously. The full House heard House Bill 3619 on May 10th and passed it unanimously on to the Senate on May 12th by a vote of 144 to 0. In the Senate, the bill was first read on May 13th and referred to the Senate Committee on Natural Resources. The bill was considered in a public hearing before the committee on May 21st and on May 22nd a substitute bill with minor clean-up changes was voted out of the committee unanimously and recommended to be placed on the Senate Local and Uncontested Calendar. The Senate suspended its three-day rule and passed the bill unanimously on May 28, 31 to 0 . The House concurred with the Senate's changes on May 30, the enrolled bill was sent to the governor on June 1, signed into law on June 20, and went into effect on September 1, 2025.

REGULATORY

TRANSFER OF PRODUCED WATER LAND APPLICATION REGULATION (SENATE BILL 1145/HOUSE BILL 2584)
AUTHORS: SENATOR BIRDWELL AND REP. LANDGRAF

ANALYSIS: Senate Bill 1145 by Senator Brian Birdwell and the identical House Bill 2584 by Rep. Brooks Landgraf moves produced water land application permitting from the Railroad Commission to the Texas Commission on Environmental Quality (TCEQ). TCEQ currently issues National Pollutant Discharge Elimination System (NPDES) permits and already has expertise. Senate Bill 1145 will streamline such permitting.

TIPRO EFFORTS: The bill concept to move produced water land application permitting from the Railroad Commission to the TCEQ developed during the interim, prior to the 89th Legislative Session. TIPRO discussed the bill with TIPRO members, and it was understood that TCEQ already had the staff and expertise to more expediently process produced water and application permitting. TIPRO spoke with both the TCEQ and the Railroad Commission, which both supported the bill concept. Once the bill was drafted, the TIPRO State Issues Committee voted to formally support the bill and TIPRO supported the bill on public record when the bills were heard in the House and Senate Committees. TIPRO also distributed a one-pager explaining the bill and our reason for support to committee members and the legislature.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1145 was introduced on February 24, 2025, and referred to the Senate Natural Resources Committee. The committee held a public hearing and, on March 5, voted unanimously to send the committee substitute of the bill to the Senate Local and Uncontested calendar. The Senate then suspended its three-day rule and passed the bill unanimously on March 12.

In the House, Senate Bill 1145 was referred to the Energy Resources Committee on April 9. The bill was heard in a formal hearing on April 24th and unanimously voted out of the committee. The Senate bill was heard on the House floor in lieu of the House bill that had already been placed on the April 28th House General State calendar. The bill was heard by the full House and passed by a vote of 136 to 9. Both chambers signed the enrolled bill on April 29, and it was sent to the governor on May 1, who signed it into law on May 13, 2025, with an effective date of September 1, 2025.

RAILROAD COMMISSION INSPECTIONS BY DRONE (HOUSE BILL 1285)
AUTHOR: REP. GEREN

ANALYSIS: House Bill 1285 by Rep. Charlie Geren would have amended law regarding unmanned aircrafts to allow for drone inspections and examinations by the Railroad Commission of an oil or gas site or facility, including a well, tank or disposal or injection site; a pipeline facility; or a surface mining site.

TIPRO EFFORTS: Prior to supporting House Bill 1285, TIPRO had in-depth conversations with the commission about what sort of notice would be provided to operators in advance of drones flying over their facilities. TIPRO was assured that there would be no change from the current inspection process. An inspector with identification in a marked Railroad Commission truck would be onsite if a drone were to be used for inspection at a site.

Given these assurances, the TIPRO State Issues Voting Committee voted to support House Bill 1285. TIPRO spoke with the author of the bill in addition to members of the House and Senate committees regarding our support. TIPRO also issued support on the public record for the bills before both the House and Senate committees.

BILL STATUS/EFFECTIVE DATE: House Bill 1285 was introduced early in the session and referred to the House Natural Resources Committee. After receiving testimony, the committee vote the bill out of committee favorably without amendment on March 24, 2025. The bill was placed on the General State Calendar and heard on the House floor on April 24, passing to engrossment by a vote of 118 to 29. The engrossed bill was transmitted to the Senate and, on May 20, received its first reading and was referred to the Senate Natural Resources Committee. The Senate committee never brought the bill up for a public hearing and it therefore never moved further in the legislative process.

INCREASING PENALTIES AT THE RAILROAD COMMISSION (HOUSE BILL 2891)
AUTHOR: REP. RAFAEL ANCHIA

ANALYSIS: House Bill 2891 would have increased the cost of penalties at the Railroad Commission from amounts not to exceed $5,000 or $10,000 per day to amounts not to exceed $25,000 per day and required the commission to adopt their own guidelines, using public input, to determine the structure and amount of violations and fines. The bill would have required consideration of new factors for assessing violations, including:

1. number of times the permittee's certificate of compliance has been canceled.
2. any economic benefit gained through the violation.
3. the penalty necessary to deter future violations.

TIPRO EFFORTS: TIPRO has opposed bills in past sessions that seek to arbitrarily raise penalties. TIPRO identified that House Bill 2891 was a refile of House Bill 4786 from last session and also House Bill 1043/Senate Bill 1516 from the session prior, which TIPRO opposed. The TIPRO Voting State Issues Committee elected once again to oppose House Bill 2891 and opposed the bill for the public record in the House Committee on Energy Resources. TIPRO made it clear that we were available to meet with Rep. Anchia to discuss concerns with the bill.

BILL STATUS/EFFECTIVE DATE: House Bill 2891 was referred to the House Committee on Energy Resources on March 19th and received a public hearing where testimony was taken on April 7. The bill was left pending in the committee and never moved further in the legislative process.

VENUE REQUIREMENTS FOR TCEQ PERMIT HEARINGS (SENATE BILL 212)
AUTHOR: SENATOR ROYCE WEST

ANALYSIS: Senate Bill 212 by Royce West relates to public meetings and hearings concerning permits issued by the TCEQ. It amends the Water Code by adding Section 5.5835, which specifies the location and payment of costs for public meetings or hearings. The bill would have required that the meetings or hearings be held in person at a public location within a certain distance from the facility or proposed facility. If a suitable location is not available within one mile, the meeting would have been required be held as close as practicable, but not more than five miles away. Additionally, the applicant for the permit amendment, or renewal would have been responsible for the costs of the public meeting or hearing.

TIPRO EFFORTS: The TIPRO Voting State Issues Committee voted to oppose the imposition of onerous public meeting requirements and costs associated with the provisions of Senate Bill 212 and relayed our concerns to the TCEQ, the Senate Committee on Natural Resources and members.

BILL STATUS/EFFECTIVE DATE: Senate Bill 212 was referred to the Senate Committee on Natural Resources on February 3rd but never received a public hearing and therefore never moved further in the legislative process.

FURTHER REGULATION OF FLARED GAS (SENATE BILL 1216)
AUTHOR: SENATOR SARAH ECKHARDT

ANALYSIS: Senate Bill 1216 by Senator Sarah Eckhardt relates to the authority of the Railroad Commission of Texas to permit the release of natural gas into the air from a gas well. The bill would have amended Section 86.185 of the Natural Resources Code to regulate the conditions under which natural gas can be released into the air. Specifically, it would have prohibited the escape of gas into the air after 10 days from when the gas is encountered in the well or from the time of perforating the casing opposite a gas-bearing zone, whichever is later. However, the commission may have allowed the escape of gas for additional time if certain conditions are met, such as demonstrating the necessity for the escape and making a good faith effort to capture and sell the gas or use it for another productive purpose.

TIPRO EFFORTS: The TIPRO Voting State Issues Committee voted to oppose the imposition of onerous flaring requirements associated with the provisions of Senate Bill 1216 and relayed our concerns the Senate Committee on Natural Resources and members emphasizing industry's efforts and success in minimizing flaring.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1216 was referred to the Senate Committee on Natural Resources on February 11th but never received a public hearing and therefore never moved further in the legislative process.

ENDING ROUTINE FLARING (HOUSE BILL 459)
AUTHOR: REP. JON ROSENTHAL

ANALYSIS: House Bill 459 by Representative Jon Rosenthal would have required the Railroad Commission to establish a policy to end routine flaring by 2031. The policy would have been permitted to be regulatory action, incentive-based, or voluntary and it may have allowed for flaring for safety and emergency purposes.

TIPRO EFFORTS: House Bill 459 is a refile of bills filed in past sessions – HB 1459/SB 2130 (88R) and HB 1452 (87R) – both of which TIPRO has opposed. Thus, the TIPRO Voting State Issues Committee voted to oppose the ending of routine flaring required by House Bill 459 and relayed our concerns with the Senate Committee on Natural Resources and members emphasizing industry's efforts and success in minimizing flaring.

BILL STATUS/EFFECTIVE DATE: House Bill 459 was referred to the House Committee on Energy Resources on February 28th but never received a public hearing and therefore never moved further in the legislative process.

ENDING ROUTINE FLARING ON UNIVERSITY LANDS (HOUSE BILL 1190/SENATE BILL 1157)
AUTHOR: REP. GINA HINOJOSA AND SENATOR ECKHART

ANALYSIS: House Bill 1190 by Rep. Gina Hinojosa and similar Senate Bill 1157 by Senator Sarah Eckhardt would have required the board of regents of the UT System to adopt a formal policy goal to eliminate routine flaring on university lands by 2027. To achieve that goal, the bill would have required each lease issued, modified, or renewed to include a plan to end routine flaring; to adhere to EPA New Source Performance Standards; and to implement quarterly inspection and maintenance for the detection of leaks.

TIPRO EFFORTS: House Bill 1190 and Senate Bill 1157 are refiles of bills filed in past sessions – HB 1276 (87R) – that TIPRO has opposed. Thus, the TIPRO Voting State Issues Committee voted to oppose the ending of routine flaring requirements proposed by House Bill 1190 and Senate Bill 1157 and relayed our concerns with the Senate Committee on Natural Resources and members emphasizing industry's efforts and success in minimizing flaring.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1157 was referred to the Senate Committee on Natural Resources on March 7th but never received a public hearing and therefore never moved further in the legislative process. House Bill 1190 suffered the same fate. The bill was referred to the House Committee on Energy Resources on February 28th but never received a public hearing and also never moved further in the legislative process.

ENVIRONMENTAL JUSTICE COUNCIL (HOUSE BILL 859)
AUTHOR: REP. RON REYNOLDS

ANALYSIS: House Bill 859 would have created the Environmental Justice Council Advisory Council to advise state agencies and local governments on environmental justice issues. The bill defines environmental justice as the fair treatment of people of all races, cultures, and incomes in the development, adoption, implementation, and enforcement of environmental law and policy. The council would have been charged with reviewing state agencies and programs intended to protect the environment, as well as environmental permits issued and applied for and assess them their positive or negative effects on environmental justice.

TIPRO EFFORTS: House Bill 859 is a refile of bills filed in past sessions – HB 642 (88R) and HB 714 (87R) – both of which TIPRO has opposed. Thus, the TIPRO Voting State Issues Committee voted to oppose the proposal of an Environmental Justice Council Advisory Council and its powers proposed by House Bill 859. As in past sessions, TIPRO relayed our concerns to the House Committee on Environmental Regulation and regulatory agencies.

BILL STATUS/EFFECTIVE DATE: House Bill 859 was referred to the House Committee on Environmental Regulation on March 5th but never received a public hearing and therefore never moved further in the legislative process.

OIL AND GAS EMERGENCIES AND LIABILITES (HOUSE BILL 4021/SENATE BILL 1759)
AUTHORS: REP. PAUL DYSON AND SENATOR BIRDWELL

ANALYSIS: House Bill 4021 by Rep. Paul Dyson and the identical Senate Bill 1759 by Senator Brian Birdwell will allow the Railroad Commission to declare an "oil or gas emergency" defined as an emergency related to the production, storage, or transportation of oil or gas, including the uncontrolled release of oil, gas, or water from an oil or gas well. In the event of an oil and gas emergency, the bill will make a person assisting the emergency immune from civil liabilities unless some form of gross negligence occurs.

TIPRO EFFORTS: The TIPRO Voting State Issues Committee voted to support House Bill 4021 and Senate Bill 1759 as soon as the bills were filed. TIPRO supported both bills in the House Committee on Energy Resources and the Senate Committee on Natural Resources for the public record when the bill were heard in an open meeting.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1759 was filed in the Senate on February 28, 2025, and first read on March 13, when it was referred to the Senate Natural Resources Committee. After a public hearing and review on April 7, the committee voted unanimously to endorse a committee substitute and send the bill to the Senate Local and Uncontested calendar. The Senate then suspended the three-day rule and unanimously passed the committee-substituted bill on April 16.

In the House, the identical House version of the bill House Bill 4021 has been heard and substituted in the House Committee on Energy Resources and placed on the House General State Calendar. When Senate Bill 1759 made it to the House, it was quickly voted through the House Energy Resources Committee and then laid out in lieu of House Bill 4021 on May 5. The House passed the bill with a non-substantive amendment unanimously. The Senate concurred with the House amendment and sent the bill to the governor on May 15. Governor Greg Abbott signed the bill into law on May 27th with an effective date of September 1, 2025.

ADMINISTRATIVE PENALTY NOTICE REQUIREMENTS (SENATE BILL 2386)
AUTHOR: SENATOR BORRIS MILES

ANALYSIS: Under Senate Bill 2386, when TCEQ is required to give notice of an environmental penalty due to a violation, it must not only publish its decision in the Texas Register within 10 days of adoption (current law) but must also notify the state representative and state senator representing the area where the violation occurred.

Additionally, prior to the TCEQ approving any administrative order or settlement of an enforcement action, it must provide an opportunity for public comment. The proposed order or agreement must be published in the Texas Register at least 30 days before the public comment period ends, and the state representative and state senator representing the area must also be notified of this opportunity.

TIPRO EFFORTS: Senate Bill 2386 was a refile of a bill from last session – Senate Bill 813 (88R) – that TIPRO opposed. TIPRO opposed the bill for the same reason the governor vetoed it, stating that the bill "would add unnecessary bureaucratic duties to what is already required by Texas law. Our goal should be to eliminate bureaucracy, not add to it. Thus, the TIPRO Voting State Issues Committee voted to oppose Senate Bill 2386 once again. As in past sessions, TIPRO relayed our concerns to members of the Senate Committee on Water, Agriculture and Rural Affairs and was the only trade to register in opposition to the bill on the public record when it was heard in an open meeting. TIPRO also explained our opposition to the House Committee on Environmental Regulation once the bill reached the House.

BILL STATUS/EFFECTIVE DATE: Senate Bill 2386 was referred to the Senate Committee on Water, Agriculture and Rural Affairs on March 25th and received a public hearing on April 22nd.The Senate committee voted unanimously to pass the bill to the Senate floor recommending it for the Local and Uncontested calendar. The Senate suspended the three day rule and heard Senate Bill 2386 on the Senate floor on May 1st and sent the bill to the House.

In the House, Senate Bill 2386 was referred to the House Committee on Environmental Regulation on May 2nd but never received a public hearing and therefore never moved further in the legislative process.

TEXAS STUDY ON PFAS (HOUSE BILL 1730/SENATE BILL 768)
AUTHORS: REP. PENNY MORALES SHAW AND SENATOR JOSÉ MENENDEZ

ANALYSIS: House Bill 1730 by Rep. Penny Morales Shaw and the identical Senate Bill 768 by Senator José Menéndez would have required the University of Houston, the Railroad Commission and the TCEQ to conduct a study on the effects of perfluoroalkyl and polyfluoroalkyl chemicals on public health. The report would have been required to be submitted to the legislature no later than December 1, 2026.

TIPRO EFFORTS: TIPRO first discussed House Bill 1730 with the Railroad Commission and TCEQ. The TIPRO State Issues Committee then considered the fact that numerous studies on the issue had already been conducted and that Railroad Commission and TCEQ participation in such a study could impact agency resources and directives. While TIPRO was unable to reach the 51 percent consensus required to oppose the bill in committee, TIPRO did articulate our discussion points with the House Committee on Environmental Regulation, relevant agencies and the press.

BILL STATUS/EFFECTIVE DATE: House Bill 1730 was referred to the House Committee on Environmental Regulation on March 14, 2025, and heard in a public meeting on April 24. The bill was substituted and voted out of the committee on May 2.

The bill was finally set on the House General State calendar on May 15th - the last day House bills could be heard on the House floor - but time ran out. The bill was never brought up for debate and therefore never moved further in the legislative process.

The Senate version of the bill, Senate Bill 768, was referred to the Senate Committee on Water, Agriculture and Rural Affairs, but never received a public hearing and therefore never moved further in the legislative process.

TRANSPORTATION

TEXAS STRONG DEFENSE FUND (HOUSE BILL 188/HOUSE JOINT RESOLUTION 47)
AUTHOR: REP. LANDGRAF

ANALYSIS: House Bill 188 and its enabling constitutional amendment House Joint Resolution 47 by Rep. Brooks Landgraf would have created the Texas Severance Tax Revenue and Oil and Natural Gas Defense Fund, or the Texas STRONG Defense Fund. The fund aimed to utilize severance tax revenues in the Economic Stabilization Fund (ESF), also known as the Rainy Day Fund, for economic and community development in counties significantly engaged in oil and gas production. This funding mechanism aimed to address various needs including public safety, healthcare, and infrastructure through a formal grant program, thereby bolstering support for communities affected by the oil and gas sector while enhancing the state's ability to respond to associated challenges.

TIPRO EFFORTS: TIPRO has long supported a long-term funding solution to the energy sector's transportation infrastructure needs and believed House Joint Resolution 47/ House Bill 188 was an appropriate way to address such challenges. The TIPRO State Issues Voting Committee voted to support House Joint Resolution 47/House Bill 188. TIPRO spoke with Rep. Landgraf's office, articulated our support, and offered our assistance in moving the bill. TIPRO went on record in support of the bills when the bills were heard publicly by the House Committee on Appropriations. TIPRO has since advocated in the press for the bill's renewal and passage next session.

BILL STATUS/EFFECTIVE DATE: House Bill 188 and its enabling constitutional amendment House Joint Resolution 47 were filed on November 12, 2024, and referred to the House Committee on Appropriations early in session. The bills, however, were not heard in the committee until April 29th and finally voted out of committee on May 6. Both bills were placed on the full House calendar, but only the constitutional amendment was able to be heard by the full House due to end of session deadlines. Thus, House Bill 188 failed to move further in the legislative process. House Joint Resolution 47, however, was heard by the full House on May 12th and passed to the Senate by a vote of 104 to 27.

In the Senate, House Joint Resolution 47 was referred to the Senate Committee on Finance but was never brought up for a hearing and therefore never moved any further.

GROW TEXAS FUND (HOUSE BILL 265/HOUSE JOINT RESOLUTION 35)
AUTHOR: REP. CRADDICK

ANALYSIS: House Bill 265 and its enabling legislation House Joint Resolution 35 by Rep. Craddick aimed to create the Generate Recurring Oil Wealth for Texas Fund or the GROW Texas Fund in the Texas Constitution. House Joint Resolution 35, which establishes the GROW Texas Fund Commission and would have transferred 12 percent of what would otherwise be revenue deposited to the ESF, would have required the commission and the comptroller to jointly establish a program under which the commission would select applicants to receive grants provided by the comptroller to construct or maintain roads, schools, health care facilities and other infrastructure in the areas the commission determines to be significantly affected by oil and gas production.

TIPRO EFFORTS: TIPRO has long supported a long-term funding solution to the energy sector's transportation infrastructure needs and believed House Bill 265/House Joint Resolution 35 was an appropriate way to address such challenges. The TIPRO State Issues Voting Committee, like last session, voted to support House Bill 265/House Joint Resolution 35. TIPRO spoke with Rep. Craddick's office, articulated our support, and offered our assistance in moving the bill. TIPRO went on record in support of the bills when the bills were heard publicly by the House Committee on Appropriations. TIPRO has since advocated in the press for the bill's renewal and passage next session.

BILL STATUS/EFFECTIVE DATE: House Bill 265 and its enabling constitutional amendment House Joint Resolution 35 were filed on November 12, 2024, and referred to the House Committee on Appropriations early in session. The bills, however, were not heard in the committee until April 29th and finally voted out of committee on May 6. Both bills were placed on the full House calendar and were passed to the Senate with the bill passing 81 to 43 on May 15th and the constitutional amendment passing 101 to 33 on May 12. Once on the Senate side, neither bill was referred to a committee and the bills died.

OIL AND GAS WASTE

PRODUCED WATER LIABILITY (HOUSE BILL 49/HOUSE BILL 3156/SENATE BILL 1399)
AUTHORS: REP. DARBY AND SENATOR CHARLES PERRY

ANALYSIS: In 2013, the legislature enacted Chapter 122, Natural Resources Code, to establish a permitting procedure for an entity specializing in treating and recycling fluid oil and gas waste for beneficial use and to allocate responsibility for the treated waste.

That far-sighted legislation recognized that the revolutionary impact of recovery technology on the oil and gas industry demanded a new approach to the substantial increase in the amount of water necessary to produce oil and gas by hydraulic fracturing. At that time, the technological capacity to recycle fluid oil and gas waste was in its relative infancy. The new Chapter 122 aimed to incentivize the further development of this technology by (1) requiring the Railroad Commission to adopt a procedure for obtaining a permit for off-lease treatment of fluid oil and gas waste for beneficial use; and (2) providing liability protection for a permittee that treats the waste for a subsequent beneficial use of the treated waste by a third-party.

In view of technological advances in the past 12 years, the time came to revisit and update the statute to ensure that it continues to serve its original purpose. House Bill 49 by Rep. Darby and Senate Bill 1399 by Senator Perry specifies that a person, including a surface owner, who takes possession of fluid oil and gas waste, produces from that waste a treated substance, and either puts it to a beneficial use or contractually transfers it to another person for beneficial use is not liable in tort for a consequence of subsequent use of that product by any person. The liability limitation, however, does not apply to gross negligence, an intentional, wrongful act or omission, or the negligence if the transferee did not treat, use, or dispose of the waste in compliance with its permit. The bill further limits recovery for negligence based solely on regulatory non-conformity to actual damages and protects a surface owner from liability for exposure to waste, treated waste, or a byproduct of treated waste. Exemplary damages would still be available, as they are in any civil lawsuit, for the defendant's gross negligence, malice, or fraud.

The Texas oil and gas industry produces 25 million barrels (1.05 billion gallons) of produced water from oil and gas production statewide every day. 76 percent of that produced water (19 million barrels a day) is currently disposed of by industry through underground injection into saltwater disposal wells. Those volumes are not cleaned up or put to any beneficial use. America's largest oilfield, the Permian Basin, accounts for 25 million barrels of produced water on a daily basis, 18 million of which come from Texas operations. As treatment technology continues to improve and expand in scope, reclaiming all or a substantial part of this 1.05 billion gallons of produced water would go a long way toward meeting our domestic needs, which currently run to 2.3 billion gallons per day. To put these numbers in perspective, Lake LBJ outside Austin holds about 42 billion gallons (130,000 acre feet) of water. Texas' produced water would fill the lake approximately once a month. But in order for this expansion to occur as quickly as possible, two things are necessary: an efficient regulatory policy and a stable, predictable liability climate. House Bill 49 and Senate Bill 1399 accomplish both objectives.

TIPRO EFFORTS: Prior to House Bill 49 being filed, updating produced water liability standards was deemed a TIPRO priority for the 89th Legislative Session by TIPRO's Board and State Issues Committee. TIPRO discussed the bill with the author of the bill and his office prior to the bill being drafted and filed. Once the bill was filed, TIPRO shared the legislation with TIPRO members and supported the language as drafted. TIPRO then joined with a stakeholder coalition to draft a one-pager in support of HB 49 and ensure the bill's passage. TIPRO discussed the bill and shared the-one pager with House Committee on Energy Resources members and their staff and Senate Committee on Natural Resources members and their staff emphasizing importance of the bill. TIPRO also went on record in support of the bill in both committees when it was heard publicly in each committee. TIPRO also met with members of the House and the Senate to answer questions and emphasize the importance of each chamber passing the legislation. Finally, once the bill passed both chambers, TIPRO spoke with the governor's office in support of the legislation and made clear TIPRO stood ready as a resource should any issue about the bill arise within the governor's office in the final days of the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 49 was filed in the Texas House on March 14, 2025, and referred to the House Committee on Energy Resources where it received testimony during a public hearing on March 24th but was left pending at that time. A second hearing occurred on April 7, where a committee substitute setting forth revised language was considered and vote out of committee in a formal session on April 17. House Bill 49 was placed on the House General State Calendar heard on May 9. The House ultimately passed the bill, advancing it to the Senate by a vote of 118 to 22.

The Senate received House Bill 49 on May 12th and referred it to the Senate Committee on Natural Resources. After a public hearing on May 21st, the committee voted 9–0 to report the bill out of committee and to the Local and Uncontested calendar. The Senate suspended rules to hear the bill and finally passed House Bill 4, 29 to 2, on May 25. The enrolled bill was sent to Governor Abbott on May 28th, and he signed it into law on June 20, 2025. House Bill 49 went into effect on September 1, 2025.

COMMERCIAL WASTE DISPOSAL PERMIT EXTENSION (HOUSE BILL 4426)
AUTHOR: REP. DARBY

ANALYSIS: House Bill 4426 by Rep. Darby applies only to surface solid waste disposal facilities. Currently, these facilities have to seek permit renewals every five years, and with several facilities this keeps them in a constant state of applying for renewals. The substitute for HB 4426 made it clear in the bill that if a commercial surface disposal facility operator is in good standing with no recent history of violations (NOVs), the operator will be able to seek renewals every 10 years as opposed to five years.

TIPRO EFFORTS: TIPRO discussed the bill with the bill's author, Chairman Darby, the Railroad Commission, and TIPRO member companies operating in the solid waste disposal space. We were informed that the bill would have a committee substitute to clear up obscure language and that otherwise the bill simply alleviated administrative burdens for prudent operators of solid waste disposal facilities. The TIPRO Voting State Issues Committee elected to support the bill and did so on public record before the House Committee Natural Resources and the Senate Natural Resources Committee when the bill was heard in open hearings.

BILL STATUS/EFFECTIVE DATE: House Bill 4426 was introduced in the Texas House and referred to the House Committee Natural Resources on April 2. The bill was heard at the next possible committee hearing on April 7th and left pending until April 14, where the bill was substituted to clean up the hastily drafted bill and passed to the full House. On May 7, the bill was heard by the House and passed unanimously to the Senate. In the Senate, the bill was referred to the Senate Natural Resources Committee where it was heard and unanimously passed by committee members on May 21st and placed on the Senate Local and Uncontested calendar. The full Senate heard the bill May 23, unanimously passed the bill and sent it to the Governor. The bill was signed by Governor Abbott on June 20th with its new permit rules taking effect on September 1, 2025.

FINANCIAL ASSURANCE REQUIRMENTS FOR OPERATORS (HOUSE BILL 5123/SENATE BILL 2449)
AUTHORS: REP. DARBY AND SENATOR SPARKS

ANALYSIS: House Bill 5123 by Rep. Darby and the identical Senate Bill 2449 by Senator Sparks would have required the Railroad Commission to accept self-insurance, parental bonding, and other financial assurance mechanisms to demonstrate an operator's ability to satisfy financial security obligations for the operation and closure of produced water recycling pits and other related facilities. The bill would have required the Railroad Commission develop a system to allow operators to submit an annual report identifying facilities covered under specific bonding mechanisms and ensuring financial responsibility is properly assigned when assets are transferred through mergers, acquisitions, or sales.

TIPRO EFFORTS: TIPRO discussed the bill with Senator Sparks' office and TIPRO members, who believed that the allowance of additional financial assurance mechanisms to satisfy financial security obligations for the operation and closure of produced water recycling pits and related facilities could only benefit industry. The TIPRO Voting State Issues Committee elected to support House Bill 5123 and Senate Bill 2449 and articulated our support to the House Committee on Energy Resources and Senate Committee on Natural Resources.

BILL STATUS/EFFECTIVE DATE: House Bill 5123 was referred to the House Committee on Energy Resources and the identical Senate Bill 2449 was referred to the Senate Committee on Natural Resources. Neither bill was brought up for a public hearing in its respective committee and therefore never moved further in the legislative process.

APPLICATION FEES FOR OIL AND GAS WASTE PERMITS (SENATE BILL 2122/HOUSE BILL 3158)
AUTHORS: SENATOR ZAFFIRINI AND REP. DARBY

ANALYSIS: Senate Bill 2122 by Senator Judith Zaffirini and the identical House Bill 3158 by Rep. Drew Darby revises application fees for permits related to the disposal of oil and gas waste under the jurisdiction of the Railroad Commission of Texas. The bill defines land application, land farm, and land treatment permits, which authorize different methods of disposing of oil and gas waste by incorporating it into soil. The bill establishes new permit and amendment fees, including $500 for a land farm, land treatment, or land application permit or amendment; $2,000 for a commercial oil and gas waste separation facility permit; $1,000 for an amendment to a commercial waste separation facility permit; $3,000 for a commercial surface oil and gas waste facility permit; and $1,000 for an amendment to a commercial surface waste facility permit.

TIPRO EFFORTS: TIPRO discussed the bill with the bill's authors, Chairman Darby and Senator Zaffirini, the Railroad Commission, and TIPRO member companies. The bill was in line with recent Railroad Commission regulatory rule changes to Chapter 4 that TIPRO was heavily involved in, it provided for minor increases in permit charges that would assist the commission in administering new provisions and would not significantly impact industry. The TIPRO Voting State Issues Committee elected to remain neutral on the bills due to the increase in fees, but ultimately had no significant issue with the bills. TIPRO then continued to monitor the bills for any potential changes throughout the legislative process.

BILL STATUS/EFFECTIVE DATE: Senate 2122 was filed in the Texas Senate on March 10, 2025, and referred to the Senate Committee on Natural Resources. The committee heard the bill in a public hearing and voted it out of committee 8 to 1 after formal consideration. The full Senate heard the bill on April 16th and passed it over to the House by a vote of 28 to 3.

In the House, Senate Bill 2122 was referred to the House Committee on Energy Resources. The identical House Bill 3158 was heard in the House Committee on Energy Resources on March 31st and brought up for debate by the full House on May 6. In a parliamentary maneuver, Senate Bill 2122 was laid out for consideration in lieu of House Bill 3158 so that the identical bill would not go through the full legislative process in the Senate. Senate Bill 2122 was passed by the House by a vote of 101 to 29 on May 10th and sent to the governor on May 15. Governor Abbott signed Senate Bill 2122 on May 27, and the act went into effect on September 1, 2025.

REGULATION OF STORAGE AND DISPOSAL PITS (HOUSE BILL 4572/SENATE BILL 3017)
AUTHORS: REP. MORALES SHAW AND SENATOR JOSE MENENDEZ

ANALYSIS: House Bill 4572 by Rep. Penny Morales Shaw and the identical Senate Bill 3017 by Senator Jose Menendez sought to put into statute the regulation of mud circulation pits and reserve pits and requires the Railroad Commission to establish minimum siting standards; uniform technical, construction, sampling, and; closure standards; minimum and maximum bonding and financial security requirements for a person using a reserve pit for the permanent burial of oil and gas waste; groundwater monitoring standards; and standards for notice. The bill stated that the standards must be consistent with similar standards for produced water recycling.

TIPRO EFFORTS: In the past interim, TIPRO participated in arduous negotiations on the Railroad Commission's revisions to the agency's Chapter 4 rules. The provisions of House Bill 4572 and Senate Bill 3017 were proposals considered in the rulemaking but opposed by TIPRO and other stakeholders and were ultimately removed. Understanding that House Bill 4572 and Senate Bill 3017 were an attempt to circumvent the deliberations of the Railroad Commission and impacted stakeholders, the TIPRO Voting State Issues Committee elected to oppose the bills. TIPRO articulated this fact to the House Committee on Energy Resources and the Senate Committee on Natural Resources and opposed House Bill 4572 on public record when it was heard in an open committee hearing.

BILL STATUS/EFFECTIVE DATE: House Bill 4572 was referred to the House Committee on Energy Resources and the identical Senate Bill 3017 was referred to the Senate Committee on Natural Resources. House Bill 4572 was heard in a public hearing on April 14th and was left pending in the committee. The bill was then never brought up again in committee and therefore never moved further in the legislative process. Senate Bill 3017 was never brought up for a public hearing in the Senate committee and therefore never moved further in the legislative process.

REQUIRING PERFORMANCE BONDS FOR OIL AND GAS WASTE FACILITY (HOUSE BILL 4891)
AUTHOR: REP. EDDIE MORALES

ANALYSIS: House Bill 4891 by Eddie Morales would have required a person applying for or acting under a Railroad Commission of Texas permit to operate a stationary commercial surface disposal facility for oil and gas waste to maintain a performance bond or other form of financial security conditioned that the permittee would operate and close the facility in accordance with state law, commission rules and the permit to operate the facility.

The bill would have renamed a "commercial surface disposal facility" as a "stationary commercial surface disposal facility" for purposes of provisions relating to notice of a permit application for such a facility. The bill would have included a facility whose primary business purpose was to provide, for compensation, the surface disposal of drill cuttings, drilling mud, or other solid or semi-solid oil using a stationary commercial oil and gas treatment facility as a stationary commercial surface disposal facility. The bill would have made conforming changes to relevant provisions.

House Bill 4891 would have prohibited the Railroad Commission from approving an application for a permit for a stationary commercial surface disposal facility unless the person applying for the permit demonstrated the necessity for an additional stationary commercial surface disposal facility in the primary market area, as established by the commission, in which the facility would be located.

To demonstrate necessity, the applicant would have to include with the permit application for the facility:

- a map and list of all permitted stationary commercial surface disposal facilities located within a 30-mile radius of the location of the site for which the applicant was applying for the permit;
- the number of oil and gas wells located within a 30-mile radius of the location of the site for which the applicant was applying for a permit in the year preceding the date on which the permit application was submitted; and
- other relevant economic, environmental, and feasibility information to demonstrate the necessity of the stationary commercial surface disposal facility.

With each application for a stationary commercial surface disposal facility permit, the applicant would have been required to submit to RRC a nonrefundable fee of $100,000. The application fee would not be applicable to stationary commercial surface disposal facility permit holders seeking the renewal or modification of a permit in effect before September 1, 2025.

TIPRO EFFORTS: TIPRO discussed House Bill 4891 with TIPRO members, where multiple operators expressed concern that the bill would impact smaller solid waste companies, essentially creating a barrier to entry for those who were unable the fee. Ultimately, a majority of TIPRO members believed that operators would have more limited options for disposal of solid waste at commercial sites and potentially be subject to higher costs charged by a smaller pool of surface solid waste facilities. As a result, the TIPRO Voting State Issues Committee elected to oppose House Bill 4891 and opposed the bill for the public record in House Committee on Energy Resources when the bill was heard in an open hearing.

BILL STATUS/EFFECTIVE DATE: House Bill 4891 was filed on March 13, 2025, and referred to the House Committee on Energy Resources on April 3. A committee substitute for the bill was heard in a public hearing on April 14th and left pending until a formal hearing on May 8th where the bill was finally voted out of committee. The bill was placed on the General State Calendar on the last day for House bills to be heard by the full House but was never heard due to end-of-session deadline time limitations. The bill, thus, never moved any further in the legislative process.

WATER

THE TEXAS WATER FUND (SENATE BILL 7/HOUSE JOINT RESOLUTION 7/SENATE JOINT RESOLUTION 66)
AUTHOR: SENATOR PERRY

ANALYSIS: Senate Bill 7 by Charles Perry establishes the Texas Water Fund (TWF) and related financial mechanism is a landmark piece of legislation aimed at addressing Texas' looming water supply crisis through a multi-pronged approach involving significant financial investment, enhanced planning, and strategic coordination. The program prioritizes the creation of new water supplies, such as desalination and produced water treatment, while also supporting conservation and infrastructure repair.

Senate Bill 7 is discussed in conjunction with House Joint Resolution 7, which proposes a constitutional amendment to create a dedicated funding stream for the program. House Joint Resolution 7 is the constitutional amendment to dedicate sales tax revenue to the TWF, and Senate Bill 7 lays out the administrative framework for how this fund will operate and how the money will be used, also creating a dedicated funding stream.

For funding, a significant one-time investment, approximately $2.5 billion, will be deposited into the TWF. This provides immediate capital to kickstart projects. If annual funding, contingent on whether HJR 7 is approved by voters, a portion of state sales and use tax revenue (up to $1 billion annually starting in FY 2027 will be automatically deposited into the TWF.

The bill expands the types of projects eligible for financial assistance from the TWF to political subdivisions. These include:

- New Water Supply Projects: Desalination projects (marine and brackish water), produced water treatment projects (excluding those solely for oil and gas exploration), aquifer storage and recovery projects, and reservoir projects (with specific permitting requirements).
- Infrastructure for New Water Sources: Development of infrastructure to transport or integrate water made available by these new supply projects into existing systems.
- Water and Wastewater Reuse Projects
- Acquisition of Water Rights: Allows the fund to be used to acquire existing water rights through water supply contracts or leases.
- Water and Wastewater Infrastructure Projects: Including rehabilitation or replacement of deficient or deteriorating infrastructure, with priority given to rural political subdivisions and municipalities with populations less than 150,000.
- Water Conservation Strategies and Water Loss Mitigation Projects
- Technical Assistance for applicants seeking financial assistance.

The bill establishes the Texas Water Fund Administrative Fund for the Texas Water Development Board's (TWDB) expenses in administering the TWF, capped at 2 percent of the fund. The bill also authorizes the TWDB to increase bond issuance limits from $25 million to $100 million and raises the maximum financial assistance political subdivisions can receive from 70 percent to 90 percent of the total principal amount of bonds authorized.

The bill tasks the TWDB with significant new responsibilities, including:

- Facilitating planning and coordination between project sponsors, governmental entities, utilities, common carriers, and other relevant entities for the development of infrastructure to transport water. The goal is to reduce the necessity of eminent domain by encouraging the use of existing transportation and utility easements.
- Developing guidance and best practices for standardizing specifications, materials, and components used to design and construct water transport infrastructure. This includes ensuring interconnectivity and interoperability between different systems and recommending building excess capacity where practicable.
- Creating a framework for coordinating large-scale water conveyance projects across the state.

The Texas Water Fund Advisory Committee is revamped to provide recommendations to the TWDB on the use of various state water and infrastructure funds and review their operations. The bill also mandates the creation of a publicly accessible online tool to track water supply needs and projects, enhancing transparency.

The success of SB 7 in the long term is heavily reliant on voter approval of HJR 7 in November 2025, which would secure the ongoing dedicated funding stream for the TWF. Stay tuned for more details on the ballot initiative.

The bill became effective on September 1, 2025. Section 1.06 and Sections 15.153(f) and 15.505(c) and (d), Water Code, the funding mechanisms, take effect September 1, 2027, if the constitutional amendment proposed by HJR 7 is approved by the voters. If the constitutional amendment is not approved by the voters, these sections have no effect.

TIPRO EFFORTS: At the beginning of session, TIPRO made members aware of the fact that investments in water and water infrastructure would be major focal points of the 89th Legislative Session.

Prior to Senator Perry filing his much-anticipated legislation to address water issues in the state, TIPRO members participating in TIPRO's Legislative Call-up during TIPRO's Annual Convention met with Senator Perry's chief water staffer for a detailed briefing and Q and A on what to expect with the forthcoming water legislation. A day later, Senator Perry filed his water legislation with Lt. Governor Patrick marking it as one of his top priorities of session. After analyzing the bill, the TIPRO Voting State Issues Committee voted to support House Bill 7 and House Joint Resolution 7.TIPRO supported the bills for the public record when the bills were heard in open hearings in House Committee on Natural Resources, the Senate Committee on Water, Agriculture & Rural Affairs, and the Senate Committee on Finance. TIPRO monitored the bill throughout the legislative process and articulated our support to the office of the Governor.

TIPRO will continue to articulate the importance of the legislation to TIPRO members in anticipation of the bill being submitted to the voters of Texas for their approval at the November 4, 2025 election.

BILL STATUS/EFFECTIVE DATE: Senate Bill 7 was filed in the Senate on March 13, 2025, and referred to the Senate Committee on Water, Agriculture & Rural Affairs. Following a public committee hearing on March 24, a committee substitute was unanimously voted out of the committee. The bill was heard by the full Senate on April 2, after which the Senate passed the bill unanimously and sent the bill to the House.

On April 3, the House received the bill and referred it to the House Committee on Natural Resources. The committee heard the bill in a formal hearing on April 24th and then unanimously passed a substitute version of the bill out of the committee on May 7. The bill was heard by the full House on May 26th passing it with strong bipartisan support 143 to 3. The Senate promptly concurred with the House changes on May 30th and sent the bill to Governor Abbott on June 1. The governor signed the bill into law on June 20, 2025; its effective date is tied to the approval of a companion constitutional amendment, House Joint Resolution 7, that will be voted on in the November 2025 Constitutional Amendment Election.

House Joint Resolution 7 began in the House and was first heard in a formal public hearing in the House Committee on Natural Resources on March 19th where the bill substituted for a cleaner version and unanimously supported for passage. The bill was heard by the full house on the Constitutional Amendments calendar on April 29th and passed 138 to 6.

The bill was then heard by the Senate Committee on Finance who unanimously passed it out of committee to be debated by the full Senate. The bill was brought up by the full Senate on May 27th and passed unanimously.The bill was then signed by both chambers and filed with the Texas Secretary of State who will submit the bill to the voters of Texas for their approval at an election to be held November 4, 2025.

FINANCING WATER SUPPLY PROJECTS (SENATE BILL 1261/HOUSE BILL 2815)
AUTHORS: SENATOR PERRY AND REP. STAN GERDES

ANALYSIS: Senate Bill 1261 by Senator Charles Perry and the identical House Bill 2815 by Rep. Stan Gerdes provides for the financing of large water supply projects included in the state water plan for Texas, authorizing the issuance of obligations, such as bonds, by political subdivisions to fund these water projects.

The bill outlines the process for authorizing and issuing these obligations, including the roles of the Texas Water Development Board and the attorney general in reviewing and approving the obligations. It also species the types of projects that can be financed -- water supply projects, treatment works, and flood projects.

The bill allows the governing body of an issuer to authorize and approve obligations to:

- finance or refinance an eligible project, defined as one or more related water supply projects that were identified as recommended water management strategies in the state water plan, the cumulative capital costs of which were not less than $750 million;
- refund obligations, other indebtedness, or contractual obligations of the issuer issued or incurred in connection with an eligible project; and
- pay the costs of issuance or delivery of the obligations.

TIPRO EFFORTS: At the beginning of session, TIPRO made members aware of the fact that investments in water and water infrastructure would be major focal points of the 89th Legislative Session. Prior to Senator Perry filing his much-anticipated legislation to address water issues in the state, TIPRO members participating in TIPRO's legislative call-up during TIPRO's 2025 Annual Convention met with Senator Perry's chief water staffer for a detailed briefing and Q and A on what to expect with the forthcoming water legislation. Senate Bill 1261 and House Bill 2815 were part of that discussion. After analyzing the bills, the TIPRO Voting State Issues Committee voted to support Senate Bill 1261 and House Bill 2815.

TIPRO supported the bills for the public record when the bills were heard in open hearings in the Senate Committee on Water, Agriculture & Rural Affairs and the House Committee on Natural Resources. TIPRO monitored the bill throughout the legislative process and articulated our support to the office of the Governor.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1261 was referred to the Senate Committee on Water, Agriculture, & Rural Affairs on February 28, 2025, then heard publicly and unanimously voted out of the committee on April 7th and recommended for the Senate Local and Uncontested calendar. The bill was heard by the full Senate on April 22nd and unanimously passed to the House.

In the House, Senate Bill 1261 was referred to the House Committee on Natural Resources then considered in a formal meeting and unanimously voted out of the committee on May 5. The full House took up and considered the bill on May 20th and finally passed the bill on May 21st by a vote of 119 to 23. The bill was sent to Governor Abbott on May 22nd and signed into law on June 20th with an effective date of September 1, 2025.

PROHIBITIONS ON PERMITS TO DISCHARGE WASTE INTO WATERS OF THE STATE (SENATE BILL 1302/HOUSE BILL 4485)
AUTHORS: SENATOR LOIS KOLKHORSTAND REP. CECIL BELL

ANALYSIS: Senate Bill 1302 by Senator Lois Kolkhorst and the identical House Bill 4485 by Rep. Cecil Bell prohibits TCEQ from authorizing an applicant applying to discharge waste into the waters of the state from being authorized to do so if their ability to discharge was previously denied or suspended until the TCEQ executive director actively authorizes the discharger to use the permit. The executive director cannot use an automatic process to authorize the use of a permit under the bill.

TIPRO EFFORTS: TIPRO discussed this bill with its author, TIPRO members, and the TCEQ to understand its significance. The issue centered around imprudent waste dischargers being denied permits due to unsatisfactory compliance history only to change their name and be granted a permit to discharge waste into Texas waters. It was suggested that an automatic authorization process was to blame. The bill provided TCEQ with no additional authority and otherwise did not impact prudent operators. As a result, the TIPRO Voting State Issues Committee elected to remain neutral on the bill, but to monitor it for potential changes.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1302 was referred to the Senate Committee on Water, Agriculture, & Rural Affairs on February 28, 2025, then heard publicly and unanimously voted out of the committee on March 17th and recommended for the Senate Local and Uncontested calendar. The bill was heard by the full Senate on April 10th and unanimously passed to the House.

In the House, Senate Bill 1302 was referred to the House Committee on Natural Resources then considered in a public hearing on May 7th and unanimously voted out of the committee in a formal meeting on May 15th. The full House took up and considered the bill on May 27th and finally passed the bill on May 28th by a vote of 135 to 4. The bill was sent to Governor Abbott on June 1st and signed into law on June 20th with an effective date of September 1, 2025.

LIQUEFIED NATURAL GAS (LNG)

LNG INTERSTATE COMPACT (HOUSE BILL 2890)
AUTHOR: REP. PATTERSON

ANALYSIS: House Bill 2890 requires the governor to develop and execute an interstate compact for the liquefied natural gas industry among states that border the Gulf of America. The bill establishes that it is the intent of the legislature that the compact not require congressional approval and that the compact could not increase the political power of the compacting states in relation to the federal government.

The Gulf States Liquefied Natural Gas Industry Compact is required to facilitate joint action among compacting states to share information, resources, and services to protect and grow the Gulf Coast's liquefied natural gas industry and improve coordination to increase the overall effectiveness and efficiency of the industry along the Gulf Coast.

TIPRO EFFORTS: TIPRO spoke with Rep. Jared Patterson's office and TIPRO members as the bill was filed to better understand the issue the legislation sought to address. Realizing that the legislature had to authorize the governor to enter an LNG industry compact, the TIPRO State Issues Voting Committee voted to support House Bill 2890. TIPRO supported the bill on public record in the House Committee on Energy Resources and the Senate Committee on Natural Resources. TIPRO also articulated to the Governor's office that our organization and members support House Bill 2890.

BILL STATUS/EFFECTIVE DATE: House Bill 2890 was introduced in the Texas House on February 14, 2025, and referred to the House Committee on Energy Resources. The committee heard the bill in a public hearing on March 24, took testimony, and thereafter voted the bill favorably out of committee on April 3. The House placed it on the General State Calendar, heard the bill and passed to engrossment on April 22 by a vote of 137 to 9 inclusive of one amendment by the bill's author. The engrossed bill was sent to the Senate, where it was referred to the Senate Committee on Natural Resources upon first reading on April 24. The Senate held a public hearing and committee vote on May 7, then voted the bill favorably out of committee without amendments, recommending it to be placed on the Senate Local & Uncontested calendar. The Senate suspended the three-day rule, read the bill on second and third readings, and unanimously passed it on May 14, 31 to 0. The enrolled bill was signed by both chambers on May 15, sent to the governor on May 16th, and formally signed into law on May 28.The bill took effect immediately.

EXPEDITED PERMITING FOR LNG EXPORT TERMINALS (SENATE BILL 2037/HOUSE BILL 3997)
AUTHORS: SENATOR SPARKS AND REP. JARED PATERSON

ANALYSIS: Senate Bill 2037 by Senator Sparks requires the Texas Commission on Environmental Quality to establish an expedited permit application review process for permit applications filed with TCEQ for a project to construct or modify a liquefied natural gas export terminal. An additional fee in an amount TCEQ determines necessary to cover the expedited review process will be required for the expedited permit process.

TIPRO EFFORTS: TIPRO spoke with the TCEQ and TIPRO members about Senate Bill 2037/House Bill 3997. TCEQ had no issue with the bill and TIPRO members in the LNG exporting space were very supportive. The TIPRO State Issues Voting Committee elected to support the bill. TIPRO supported the bill for the public record in both the Senate Committee on Natural Resources and the House Committee on Environmental Regulation. TIPRO articulated support for the bills passage to members of the legislature and, once passed, the office of the Governor.

BILL STATUS/EFFECTIVE DATE: Senate Bill 2037 was filed in the Senate on March 7, 2025, and on March 17, it received its first reading and was referred to the Senate Committee on Natural Resources. The bill was heard in committee on March 26th but left pending. From the public discussions at the hearing, a committee substitute was drafted, unanimously voted out of committee on April 7, 9 to 0, and recommended for placement on the Senate Local and Uncontested calendar. The Senate then suspended the three-day rule and passed the bill to the House by a vote of 29 to 2 on April 24.

In the House, the bill was referred to the House Committee on Environmental Regulation where the identical House companion bill, House Bill 3997, had already been heard and voted favorably out of committee. As a result, the senate bill was quickly voted out of committee unanimously on May 2nd and was heard by the full House on the General State Calendar on May 20. The bill was passed by the House with two amendments from the House author by a vote of 109 to 29, after which it was sent to the Senate for concurrence with the House changes. The Senate unanimously concurred with House amendments on May 26, and the enrolled bill was signed by both chambers by May 28 and sent to the governor. Governor Abbott signed Senate Bill 2037 on June 20, 2025, and it took effect on September 1, 2025.

STATE BUDGET

THE TEXAS STATE BUDGET AND SUPPLEMENTAL APPROPRIATIONS BILL FOR FISCAL YEAR 2026-2027 (SENATE BILL 1/HOUSE BILL 500)
AUTHORS: SENATOR HUFFMAN AND REP. BONNEN

ANALYSIS: At the beginning of each regular session of the Texas Legislature, the Texas Constitution requires the Comptroller of Public Accounts to submit a statement showing the state's financial condition and estimate of the revenue it can expect to receive during the next two-year budget period. Comptroller Glenn Hegar's Biennial Revenue Estimate issued January 13, 2025, noted that for the 2026-2027 biennium, the state could expect to have $194.6 billion in funds available for general-purpose spending, a 1.1 percent decrease from the corresponding amount of funds available for the 2024-25 biennium, $196.7 billion of which was general revenue related.

The Texas State Budget for fiscal years 2026 and 2027 expended $153.7 billion in general revenue funds. Major funding items included funding for the Texas Water Development Board inclusive of $2.6 billion in All Funds, including $2.5 billion for water infrastructure and grants and $131.3 million to match Federal Funds for the Clean Water and Drinking Water State Revolving Funds. To help combat wildfires in Texas, the Texas A&M Forest Service received $618.0 million in All Funds, including $257.0 million for aircraft, $192.3 million to address the backlog for Volunteer Fire Department Assistance, $124.8 million for aircraft use, and a $44.0 million transfer to the Volunteer Fire Department Assistance program. Agencies of importance to the Texas oil & gas industry were also fully funded. Both the RRC and TCEQ fared very well for the upcoming budget cycle, each obtaining almost everything they asked for in the new biennium's budget.

The Railroad Commission's (RRC) total budget for the biennium totaled $458.7 million in all funds. For the continuation of essential health, safety, and environmental oversight of the state's energy sector the total included funding for the following exceptional items requested by the agency: $100 million for Oil and Gas Orphaned Well Plugging; $7.6 million for two full-time equivalent (FTEs) for Produced Water the Injection Data Reporting System; $2.7 million for two FTEs for the Oil and Gas Authorized Pit Registration System; $6.2 million for Oversight and Safety Regulatory Filing and Permitting Systems; $1.3 million for five FTEs for the Underground Injection Well Investigation Team; $342 thousand for two 2 FTEs for Site Remediation Program Support; $2.1 million for a GIS Cloud Upgrade; $4.8 million for Vehicle Replacements and a $7.7 million DCS Adjustment.

Exceptional items for the RRC totaled almost $133 million. The only item of the agency's exceptional items that was not funded was the request for Microfilm Digitization. The RRC asks for these specific funds every legislative session and the legislature has never provided them. The cost of this item is $907 thousand. As in past sessions, the agency will have to find the funds elsewhere in their budget to continue their digitization work.

The Texas Commission on Environmental Quality's (TCEQ) total budget for the biennium, totaling $918.2 million in all funds, included funding for the following exceptional items requested by the agency: $26.3 million for 115 FTEs for Enhance Permitting, Compliance, and Public Engagement; $39.5 million for Salary and Retention Efforts; $6.7 million for 39 FTEs for Produced Water; and $4.06 million for twelve FTEs for Administrative Support.

TIPRO EFFORTS: At the beginning of the 89th Legislative Session, as with past sessions, TIPRO made the full funding of the oil and gas industry's regulatory agencies a priority. Early in session, TIPRO, members and board met with the Texas Commission on Environmental Quality and the Texas Railroad Commission to discuss and understand their needs and legislative appropriations requests.

TIPRO articulated to budget writers, members of the legislature, and the office of the governor that the full funding of the oil and gas industry's regulatory agencies was a priority to the organization. TIPRO closely monitored the budget process with specific focus on Articles VI (Natural Resources), VII (Business and Commerce), and VIII (Regulatory). During the conference committee process, TIPRO was in constant communication with conference committee members to ensure the Railroad Commission received its requested funding for its Oil and Gas Orphaned Well Plugging program, which it ultimately received ($100M).

BILL STATUS/EFFECTIVE DATE: The State Budget, Senate Bill 1, was passed by the Senate and the House, and sent to the comptroller for his certification on June 2, 2025. Following certification, Senate Bill 1 was sent to the governor on June 10th for his approval, where he had the ability to veto individual line items. Senate Bill 1 was signed by the governor on June 22nd and became effective on September 1, 2025. The governor line-item vetoed contingency rider funding for bills that had funding contingent on their passage that ultimately did not pass. None of the bills were relevant to the oil and gas industry. The governor also line-item vetoed a $60 million dollar Summer SNAP Program because of federal funding.

House Bill 500 also passed by the House and the Senate and was signed by the governor and became effective immediately on June 22, 2025. The governor line-item vetoed a $50 million dollar IT security program at the Texas Facilities Commission, contained in House Bill 500, because it was duplicative of other state initiatives. No funding relevant to the oil and gas industry was impacted.

TAXES

TAX CREDIT FOR R&D EXPENDITURES (SENATE BILL 2206/ HOUSE BILL 4393)
AUTHORS: SENATOR PAUL BETTENCOURT AND REP. GEREN

ANALYSIS: Senate Bill 2206 by Senator Paul Bettencourt and the identical House Bill 4393 by Rep. Charlie Geren will promote research and development (R&D) in Texas through the establishment of a R&D tax credit system. The bill outlines the credit eligibility for taxable entities that incur research expenses in Texas, allowing them to benefit from a tax credit based on their qualified expenses. The tax credit percentage proposed by the bill varies, with a general rate of 8.722 percent, increasing to 10.903 percent when an entity collaborates with educational institutions. Moreover, provisions exist for entities with no prior qualifying expenses to still claim credits at reduced rates. The bill also includes provisions for refundable credits, allowing entities not liable for taxes to still receive benefits. The restrictions imposed limit credit claims to 50 percent of the tax due, yet unused credits can be carried forward for up to 20 consecutive reports.

TIPRO EFFORTS: TIPRO Voting State Issues Committee members were briefed on Senate Bill 2206/House Bill 4393 and elected to support the legislation. TIPRO articulated our support to the Senate Committee on Finance and the House Committee on Ways and Means.

BILL STATUS/EFFECTIVE DATE: Senate Bill 2206 was filed on March 11, 2025. It was read and referred to the Senate Finance Committee on March 25th and heard in a public hearing with public testimony on April 9. The bill was unanimously voted out of committee later in the day, after which the bill was heard by the full Senate on April 28th and unanimously passed over to the House.

The House received the Senate Bill 2206 on April 29, read it for a second time and referred it to the House Committee on Ways and Means on April 30. A public hearing and testimony for the bill occurred on May 12, and although it was initially left pending, the committee later reconvened in a formal meeting and reported it favorably without amendments on May 20. The committee report was forwarded the next day, and the bill was placed on the General State Calendar.

The House passed Senate Bill 2206 on May 27th 106 to 36. The enrolled bill was signed by the House and Senate by June 1, then sent to Governor Abbott, who signed it into law on June 22, with an effective date of January 1, 2026.

TAX CREDIT FOR HYDRAULIC FRACTURING WATER EQUIPMENT (HOUSE BILL 4382/SENATE BILL 1211)
AUTHORS: REP. DARBY AND SENATOR PERRY

ANALYSIS: Under Section 151.355 of the Texas Tax Code tangible personal property used to process, reuse, or recycle wastewater for use in fracturing work at an oil or gas well is exempt from sales and use taxes. House Bill 4382 by Rep. Drew Darby and the identical Senate Bill 1211 by Senator Charles Perry amends the law to state that the law applies to water, other than freshwater and defines "freshwater" as water containing less than 1,000 milligrams per liter of total dissolved solids.

TIPRO EFFORTS: TIPRO spoke with the authors of the bills, Chairman Darby and Chairman Perry, about the legislation and briefed TIPRO Voting State Issues Committee members. The committee elected to support the legislation and TIPRO did so on public record in the Senate Committee on Finance and the House Committee on Ways and Means when the bills were heard in and open hearing.

BILL STATUS/EFFECTIVE DATE: House Bill 4382 was referred to the House Committee on Ways and Means and the identical Senate Bill 1211 was referred to the Senate Committee on Finance. Both bills received a public hearing in their respective committees but were never brought up again by the committees after the hearing and therefore never moved further in the legislative process.

REPEAL OF THE HIGH-COST GAS TAX INCENTIVE (SENATE BILL 1158/SENATE BILL 1296)
AUTHORS: SENATOR EKHARDT AND SENATOR JOHNSON

ANALYSIS: Senate Bill 1158 sought to repeal the high-cost gas tax incentive and Senate Bill 1296 sought to phase out the high-cost gas tax reduction.

TIPRO EFFORTS: Under the current law, the high-cost gas incentive is a severance tax reduction for gas from wells defined as high-cost gas wells under Section 107 of the old Federal Natural Gas Policy Act (NGPA). The level of reduction is based upon drilling and completion costs. Each session, bills are filed to repeal the high-cost gas tax incentive and every session TIPRO works in opposition to these bills. The 89th Legislative Session was no different. In early session meetings with key committee members and staff, TIPRO discussed the likelihood of the bills being refiled and articulated our opposition. Senate Bill 1158 and 1296 have been refiled in each of the last three sessions and have never received a hearing.

BILL STATUS/EFFECTIVE DATE: Both Senate Bill 1158 and Senate Bill 1296 were referred to the Senate Committee on Finance but were never brought up for a hearing and therefore never moved further in the legislative process.

PROHIBITION ON A CARBON TAX (HOUSE JOINT RESOLUTION 138)
AUTHOR: REP. DANIEL ALDERS

ANALYSIS: House Joint Resolution 138 would have proposed a constitutional amendment to the Texas Constitution that would have prohibited the legislature from imposing taxes on the carbon content of a fuel, the emission of carbon dioxide or other greenhouse gases arising from the use, production, or consumption of any goods or services.

TIPRO EFFORTS: The TIPRO State Issues Voting Committee voted to remain neutral on House Joint Resolution 138.

BILL STATUS/EFFECTIVE DATE: House Joint Resolution 138 received a public hearing in the House Committee on Ways and Means on March 24. Three days later the bill was voted out of the committee, 8 to 4, along party lines and placed on the Constitutional Amendments calendar. The bill as first heard by the full House on May 5th and after several attempts to kill the bill by the opposing party through parliamentary procedure, the bill was finally voted on, but failed to receive the two-thirds vote necessary to pass a constitutional amendment. With a 93 to 47 vote in the House, the bill died and never moved further in the legislative process.

ELECTRICITY

PLANNING AND EXPEDITED PROCESSING FOR LARGE LOADS (SENATE BILL 6)
AUTHOR: SENATOR KING

ANALYSIS: Senate Bill 6 by Senator Phil King, the Large Load bill, will provide electricity planning and an ability to address infrastructure costs for large loads, or facilities at a single site with an aggregate peak power demand in excess of at least 75 megawatts. The new statute will help to ensure grid reliability amidst increasing demand, particularly from industries like data centers and crypto mining that are moving into Texas.

The bill will increase oversight and planning for large loads requiring customers seeking interconnection to disclose certain information to the interconnecting utility and ERCOT, including whether they are pursuing similar interconnection requests in ERCOT that might affect their commitment and details about their on-site backup generating facilities so ERCOT can better forecast and manage their energy demand.

The bill provides cost recovery for transmission infrastructure, mandating that large energy consumers contribute to the costs of interconnecting. Businesses requiring significant electricity usage will share in the expenses of upgrading and maintaining infrastructure, rather than those costs being solely on other ratepayers. Electric cooperatives and municipally owned utilities that have not adopted customer choice are required to pass through reasonable interconnection costs directly to large load customers. Security funds may be refunded as the customer meets load ramp milestones and sustains operations for a prescribed period, as determined by the PUC.

During an energy emergency alert, ERCOT may direct an applicable utility to require large load customers to either deploy their on-site backup generating facilities or curtail their load. Demand reductions from flexible loads during energy emergencies will count towards any load-shedding obligations of the electric cooperative, municipally owned utility, or transmission and distribution utility. The PUC will establish financial penalties for large load customers who fail to comply with ERCOT's directives during emergencies.

The bill requires the PUC to establish a program for expedited interconnection processing for certain large loads (HB 3970 mentioned below), particularly those with behind-the-meter generation or flexible load capabilities that can contribute to grid reliability. This gives priority in the interconnection queue to such loads.

The PUC is tasked with evaluating the existing methodology for allocating wholesale transmission costs to distribution providers to ensure fair cost assignment related to transmission investments.

TIPRO EFFORTS: Senate Bill 6 was announced early as one of Lt. Gov. Dan Patrick's priority bills of the 89th Legislative Session. As a result, TIPRO began analyzing the bills and speaking with the bill's author. Understanding the need for such legislation, TIPRO's goal was to ensure that the oil and gas industry was not unfairly or onerously impacted by Senate Bill 6. Concerns were raised about certain provisions of the bill and it was articulated to TIPRO that the bill would be amended to address concerns. As a result, the TIPRO State Issues Committee voted to remain neutral on Senate Bill 6, monitor the progression of the bill, and serve as a resource and stakeholder as the bill moved through the legislative process.

BILL STATUS/EFFECTIVE DATE: Senate Bill 6 was heard for the first time in the Senate Committee on Business & Commerce on March 12, 2025. The bill was then amended in committee to address concerns and was passed by the committee 10 to 0. The bill was then sent to the Senate floor where Senator King offered a final amendment to address the last of the concerns articulated to his office. Senate members voted to send the bill to the House 31 to 0.

On the House side, Senate Bill 6 was referred to the House Committee on State Affairs where it was again amended to address concerns, voted favorably out of the committee 12 to 0, and sent to the House floor. On the floor, House members amended and then voted in favor of the bill 117 to 24. The bill was sent back to the Senate for final review of the House changes. The Senate concurred with the changes and finally passed the bill. It was sent to the governor on June 1, signed on June 20th and became effective immediately.

LARGE LOAD INTERCONNECTION RELIABILITY PROGRAM (HOUSE BILL 3970/SENATE BILL 1942)

AUTHORS: REP. DARBY AND SENATOR PARKER

ANALYSIS: HB 3970, the Large Load Interconnection Reliability Program, expedites interconnection for operators of large loads who cease energy consumption by deploying behind-the-meter generation when directed by ERCOT.

The bill applies to "large loads," which are generally defined as facilities at a single site with an aggregate peak power demand exceeding at least 75 megawatts (though ERCOT can set a lower threshold for reliability). This often refers to facilities like data centers, cryptocurrency mining operations, and large industrial facilities.

The bill requires the Public Utility Commission of Texas to establish a program for expedited interconnection of these large loads to the grid. This means that if a large load qualifies, it can get prioritized in the queue for connecting.

TIPRO EFFORTS: House Bill 3970 was flagged early on by TIPRO as a bill to monitor. TIPRO began analyzing the bills and speaking with the bill's author, who suggested that changes would be made as the bill made its way through the process. TIPRO monitored the bill with the goal of making sure the oil and gas industry was not unfairly or onerously impacted by House Bill 3970. Concerns were raised about certain provisions of the bill, and it was articulated to TIPRO that the bill would be amended to address concerns. As a result, the TIPRO State Issues Committee voted to remain neutral on House Bill 3970, monitor the progression of the bill, and serve as a resource and stakeholder as the bill moved through the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 3790 was heard in the House State Affairs Committee on April 9, 2025. The bill was then amended in committee substitute and unanimously voted out of the committee a on April 17.The bill was heard on the House floor by the full House of Representatives on April 30th and passed to the Senate unanimously, 141 to 0. After the bill received full support in the House, House Bill 3970 was amended onto the major "Large Load" bill of the 89th Session, Senate Bill 6, which as previously mentioned, was signed by the governor on June 20th and became effective immediately.

TEXAS ADVANCED NUCLEAR ENERGY OFFICE (HOUSE BILL 14)

AUTHOR: REP. CODY HARRIS

ANALYSIS: HB 14 establishes the Texas Advanced Nuclear Energy Office (TANEO) within the Office of the Governor, providing strategic leadership, coordination, and support for the development of advanced nuclear reactor technologies, including Generation III and IV reactors like large light water reactors, small modular reactors (SMRs), microreactors, and nuclear cogeneration facilities. The office will identify regulatory and financial barriers, promote public outreach and education, collaborate with stakeholders in higher education, industry, and regulators, and help develop a strategic plan for nuclear energy development in Texas. The office has a statutory sunset date of September 1, 2040.

The bill creates the Texas Advanced Nuclear Development Fund and Grant Program, a reimbursement grants program and dedicated account in the general revenue fund able to receive appropriations, gifts, grants and donations to cover costs of development/construction of advanced nuclear reactors.

Project Development and Supply Chain Reimbursement grants are capped at the lesser of 50 percent of qualifying expenses or $12.5 million. Construction Reimbursement grants can be up to the lesser of 50 percent of qualifying expenses or $120 million. There are also Completion and Operation grants available for projects capable of interconnecting with the ERCOT grid. Grants are primarily for expenses paid by the recipient's own funds and are tied to benchmarks and milestones.

Lastly, the bill will establish a Nuclear Permitting Coordinator for the state, an Advanced Nuclear Energy Workforce Development Program, and require a regulatory study to identify necessary state regulatory functions related to nuclear energy generation facilities in Texas. A report is due by December 1, 2026.

TIPRO EFFORTS: House Bill 14 was flagged early on by TIPRO as a bill to monitor. TIPRO began analyzing the bills and speaking with the bill's author, who suggested that changes would be made as the bill made its way through the process. TIPRO monitored the bill with the goal of making sure the oil and gas industry was not unfairly or onerously impacted by House Bill 14. The TIPRO State Issues Committee voted to remain neutral on House Bill 14, monitor the progression of the bill, and serve as a resource and stakeholder as the bill moved through the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 14 was first heard in the House Committee on State Affairs on March 26, 2025, and voted out the same day with a vote of 10 to 1. The bill was heard on the House floor by the full House of Representatives on April 22nd and was passed to the Senate by a vote of 134 to 9. The bill was then heard in the Senate Committee on Business and Commerce on May 8th and voted out of the committee on May 25th by a vote of 9 to 1. House Bill 14 was debated on the Senate floor and amended by the Senate three times. The House concurred with the Senate amendments and the bill was sent to the governor on the last day of session, June 2. The bill was signed by the governor on June 20th and became effective September 1, 2025.

PERMIAN BASIN RELIABILITY PLAN RENEWAL BILL (HOUSE BILL 2152/SENATE BILL 391)
AUTHORS: REP. EDDIE MORALES AND SENATOR SPARKS

ANALYSIS: House Bill 2152 by Rep. Eddie Morales and the identical companion, Senate Bill 391 by Senator Sparks, the Permian Basin Reliability Plan renewal bill, would have removed the expiration date from House Bill 5066 that was passed last session (88R) that requires ERCOT to develop an energy reliability plan for the Permian Basin.

Under current law (HB 5066), the PUC is required to develop and implement a plan to reliably serve forecasted demand in a timely manner for any region where the commission determines transmission capacity is insufficient to serve existing and projected load, and to develop a one-time reliability plan for the Permian Basin region no later than January 30, 2024, which they have done. The plan addressed growing concerns over insufficient transmission access, laid the groundwork for critical infrastructure upgrades, and outlined necessary investments in transmission and distribution capacity. The mandate from House Bill 5066 expires on September 1, 2025. House Bill 2151 and Senate Bill 391 would have removed this expiration date and required the Permian Basin Reliability Plan to be updated every 5 years.

TIPRO EFFORTS: Given the growth in the projected load demand for the Permian Basin, the TIPRO State Issues Committee last session voted to support House Bill 5066 and TIPRO worked diligently to have the bill passed. TIPRO monitored the development and approval of the Permian Basin Reliability Plan and shared updates with TIPRO members. The plan addressed growing concerns over insufficient transmission access, laid the groundwork for critical infrastructure upgrades, and outlined necessary investments in transmission and distribution capacity, which the region desperately needed. Recognizing the success of House Bill 5066 and the need for a proactive strategy to ensure the electric grid is prepared to meet future demands, the TIPRO State Issues Committee voted to support House Bill 2152 and Senate Bill 391. The bill was heard in the House Committee on State Affairs on March 19. TIPRO went on public record in support of the legislation and articulated support to members of committee. TIPRO was the only oil and gas entity that publicly issued support for the bill. There was, however, no opposition to the bill.

BILL STATUS/EFFECTIVE DATE: The Senate version of the bill was referred to the Senate Committee on Business and Commerce but was never heard. The House version of the bill was heard in the House Committee on State Affairs on March 19th and unanimously voted out of the committee a week later, on March 26, 13 to 0. The bill was heard on the House floor by the full House of Representatives on April 28th and passed to the Senate by a vote of 144 to 1. Despite the overwhelming support in the House, the bill was referred to the Senate Committee on Business and Commerce but, like the Senate version of the bill, was never heard and failed to move any further in the legislative process.

REVISING THE CAPITALIZATION RATIO IN ELECTRIC UTILITY RATE MAKING (HOUSE BILL 2868)
AUTHOR: REP. METCALF

ANALYSIS: House Bill 2868 by Rep. Metcalf relates to the consideration of the proportion of long-term debt and equity capitalization in establishing the rates of certain electric utilities. Essentially, HB 2868 would have removed the Public Utility Commission's authority to oversee the mix of debt and equity that regulated utilities use to finance their operations—a key driver of utility profits and customer rates. Specifically, it would have amended Subchapter B, Chapter 36 of the Utilities Code by adding Section 36.068. This section applies only to electric utilities that operate solely within the Electric Reliability Council of Texas. The bill made clear that when establishing utility rates, the regulatory authority should presume the return on the utility's invested capital is reasonable if it is calculated using the utility's actual proportion of long-term debt and equity capitalization as reported on the utility's most recent quarterly financial statement before the initiation of the applicable rate proceeding. The calculation should be consistent with the methodology included in earnings monitoring reports. If the regulatory authority found the capitalization ratio unreasonable, it would be required to calculate the reasonable return on the utility's invested capital using an equity capitalization ratio equal to the national average for electric utility operating companies.

TIPRO EFFORTS: The TIPRO State Issues committee met to discuss House Bill 2868 and how the bill would have removed the Public Utility Commission's authority to oversee the mix of debt and equity that regulated utilities use to finance their operations—a key driver of utility profits and customer rates. The TIPRO State Issues Voting Committee immediately had concerns about the bill and elected to better understand the issue. TIPRO investigated three recent ratemaking cases at the PUC and found that if utilities had received the higher equity ratios they requested, Texas customers would have paid between $22.5 million to $52.9 million more in electric bills annually. The committee ultimately agreed that House Bill 2868 would weaken consumer protections for both large and small customers, increase electricity bills, and undermine the PUC's role in regulating monopoly utilities. The TIPRO State Issues Committee voted to oppose House Bill 2868 and put the TIPRO logo on a one-pager report that outlined the problems with the legislation. The one-pager was distributed to members of the House Committee on State Affairs, every member of the Texas House, and members of the Senate Committee on Business and Commerce.

BILL STATUS/EFFECTIVE DATE: House Bill 2868 was filed in the Texas House on February 14, 2025. The bill was read for the first time on March 19, 2025, and referred to the House State Affairs Committee. It was scheduled for a public hearing on April 30, during which testimony was taken, and a committee substitute was considered; however, it was left pending at that time. The following day, on May 1, the committee reconvened in a formal meeting and voted to report the bill favorably with the substitute. Between May 6 and May 7, the committee report was filed and sent to the House Calendars Committee, which later placed it on the General State Calendar. On May 14, the bill was read a second time on the House floor and passed to the Senate by a vote of 111 to 17. The bill was then referred to the Senate Committee on Business and Commerce but was never heard and failed to move any further in the legislative process.

CHARGED INTERIM RATES BY ELECTRIC UTILITIES DURING RATE SUSPENSION (HOUSE BILL 3157)
AUTHOR: REP. DARBY

ANALYSIS: The Committee Substitute to House Bill 3157 would have required an electric utility that operated solely within ERCOT to put an interim rate into effect throughout the area in which the utility had sought to change its rates if the local regulatory authority or the Public Utility Commission had suspended the rate change proposed by the utility. The interim rate would have had to be put into effect on the 90th day after the utility filed a statement of intent to change a rate, and would have to be calculated using:
·the utility's proposed test year cost of debt, rate base, and expenses;
·the return on equity, or debt service coverage, for the utility established in PUC's final order in the utility's most recent base rate proceeding;
·rate base or expense items the same as established in that final order; and
·the utility's current class cost allocation methodology and rate design.

An electric utility that implemented an interim rate under the bill would have had to notify each retail electric provider in the utility's service area at least 45 days before the interim rate's required effective date. The utility would be required to refund money collected under the interim rates in excess of the rate finally ordered, with interest at the utility's last approved rate of return. The bill would have allowed the PUC to modify or deny an interim rate charged under the bill on a finding of exigent circumstances.

An expenditure for the costs of processing a refund or credit under the bill could not be considered for ratemaking purposes. The bill would have specified that existing provisions of the Utilities Code governing temporary and bonded rates did not apply to an electric utility operating solely within ERCOT.

TIPRO EFFORTS: As the bill was originally drafted, a third-party analysis demonstrated a significant, potential fiscal burden for electricity consumers across industry. Considering the analysis, the TIPRO State Issues Committee voted to oppose House Bill 3157. TIPRO went on public record in opposition to the bill when it was brought up for a formal committee hearing. Following public testimony in the committee, TIPRO spoke with Chairman Darby's office regarding concerns with the bill and how a committee substitute was being drafted to address industry concerns. As a result of the changes made in the committee substitute, many industry participants in opposition to the bill removed their opposition, including TIPRO, which we communicated with the author's office.

BILL STATUS/EFFECTIVE DATE: House Bill 3157 was filed on February 21, 2025. It was read for the first time and referred to the House State Affairs Committee on March 20. A public hearing was held on March 26, during which testimony was taken, and the bill was left pending. On April 14, the committee considered a substitute and voted to report the bill favorably 10 to 2. The bill was heard by the full House on May 5 and passed by a vote of 122 to 21. On May 7, the Senate read House Bill 3157 for the first time and referred it to the Senate Committee on Business and Commerce. The bill, however, was never heard in the committee and failed to move any further.

SEASONALLY CRITICAL NATURAL GAS DESIGNATION (HOUSE BILL 5224/SENATE BILL 2116)

AUTHORS: REP. GUILLEN AND SENATOR PARKER

ANALYSIS: The proposed bills would have required the Railroad Commission, in collaboration with the Public Utility Commission of Texas, to adopt rules establishing criteria for a facility operating under the jurisdiction of Railroad Commission that had been designated as a critical customer during energy emergencies to be designated as a seasonal critical customer.

TIPRO EFFORTS: The TIPRO State Issues Committee voted to support House Bill 5224 as it would have alleviated some of the requirements associated with the critical infrastructure designation based on a facility's location. TIPRO supported House Bill 5224 on the public record and articulated our support to House Energy Resources committee members as well as members of the full House.

BILL STATUS/EFFECTIVE DATE: House Bill 5224 was filed on March 14, 2025, and referred to the House Energy Resources Committee. The committee scheduled a public hearing on April 14, where testimony was taken and a committee substitute was considered, but the bill was left pending. On April 24, the committee reconvened in a formal meeting, approved the substitute, and unanimously voted the bill out of committee. On May 7, the bill was heard House floor and passed by a vote of 120 to 7. The Senate received the bill on May 9, read it for the first time, and on May 13 referred it to the Senate Committee on Business and Commerce. The bill, however, was never heard in the committee.

WILDFIRES

REQUIREMENT OF OIL AND GAS OPERATORS TO MAINTAIN ELECTRICAL LINES (HOUSE BILL 106/HOUSE BILL 4232)

AUTHOR: REP. KEN KING

ANALYSIS: House Bill 106 by Rep. Ken King would have required an operator to maintain all land and infrastructure associated with operations incident to oil and gas development and production located between the wellhead and a highway. Violations would have been subject to administrative penalties of $10,000 per day. "Highway" was defined as a road, highway, farm-to-market road, or street under the supervision of the state or a political subdivision of the state.

The bill was amended to require an operator to maintain overhead electrical distribution system lines that are owned or controlled by the operator and associated with operations incident to oil and gas.

TIPRO EFFORTS: During the past interim, the Texas House Interim Committee on the Panhandle Wildfires chaired by Chairman King found that:

1. Powerlines caused the wildfires;
2. Regulatory oversight of stripper well operators was grossly deficient and;
3. Recommended that increased oversight of oil & gas operators was required.

Prior to session, the TIPRO Board heard from board member-operators who were impacted by the panhandle wildfires and prioritized wildfire response as a top issue for TIPRO. The TIPRO Voting State Issues Committee, however, had immediate concerns with the provisions of House Bill 106 as originally drafted. TIPRO participated in a positive meeting with Chairman King on House Bill 106 and other related wildfire bills. Chairman King articulated that the problem he sought to address involved an area of old oil and gas wells in the panhandle that did not upkeep electrical components on their easements which were causing many of the wildfires in the area. TIPRO suggested that the language in the current House Bill 106 was overly broad and could be interpreted to include maintenance by an operator of land and equipment that an operator had no rights to remediate. Chairman King agreed and suggested that he would be willing to entertain tighter language that would only require an operator to maintain land and infrastructure owned and operated by the operator or similar language. Prior to the meeting, Chairman King intended to vote House Bill 106 out of his committee that week but postponed the vote of the bill another week to change the language.

In anticipation of the updated language, the TIPRO Voting State Issues Committee elected to remain neutral on House Bill 106, instead of oppose, and monitor the bill for improvements.

BILL STATUS/EFFECTIVE DATE: House Bill 106 was filed and referred to the House Committee on State Affairs on March 14, heard in a public hearing by the committee on March 19, then substituted and passed unanimously out of the committee on April 2. The bill was heard on the General State calendar by the full House on April 23rd and passed to the Senate 141 to 3.

In the Senate, House Bill 106 was referred to the Senate Committee on Business and Commerce Resources on April 12th and considered in a public hearing on May 15th where the bill was left pending. The bill was never again brought up for consideration by the committee and failed to move further in the legislative process.

MAINTENANCE OF OIL AND GAS POWERLINES AND RRC DUTY TO REPORT (HOUSE BILL 143/HOUSE BILL 2453)
AUTHORS: REP. DARBY AND SENATOR KING

ANALYSIS: Under current law, oil and gas well operators are required to construct, operate, and maintain an electrical power line serving a well site or other surface facility in accordance with the National Electrical Code published by the National Fire Protection Association (Natural Resources Code Sec. 91.019). House Bill 143 by Ken King requires the Railroad Commission to notify the Public Utility Commission and the operator of an oil and gas well site or surface facility within three days if, during an inspection of the facility or on the receipt of a written notice by a landowner or lessee, the Railroad Commission discovered a condition involving electrical equipment that did not meet standards for construction, operation, and maintenance of electric lines in accordance with Natural Resources Code sec. 91.019 and posed a risk of causing a fire or injury to a person.

In collaboration, and not later than 10 days after the PUC receives notice from the Railroad Commission, the agencies must (1) notify the landowner of the condition and actions to be taken; (2) request the state fire marshal or a local government authority inspect the condition and require the operator to mitigate any dangerous conditions; (3) request that the electric utility providing service investigate the condition and disconnect service if necessary; and (4) take any other action deemed necessary and appropriate to resolve the condition.

The bill applies to inspections conducted on or after that date.

TIPRO EFFORTS: During the past interim, the Texas House Interim Committee on the Panhandle Wildfires chaired by Chairman King found that:
1.Powerlines caused the wildfires;
2.Regulatory oversight of stripper well operators was grossly deficient and;
3.Recommended that increased oversight of oil & gas operators was required.

Prior to session, the TIPRO Board heard from board member-operators who were impacted by the panhandle wildfires and prioritized wildfire response as a top issue for TIPRO.

TIPRO spoke with the Railroad Commission, the bill's author, and TIPRO members. The TIPRO Voting State Issues Committee ultimately agreed that the provisions of House Bill 143, which required if during a routine inspection the commission saw something they thought was grossly negligent they would report it to the operator and PUC, was reasonable and elected to support the bill. TIPRO along with other member companies supported the bill on the public record in the House Committee on State Affairs and the Senate Committee on Natural Resources and continued to monitor the legislation throughout the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 143 was filed on March 6, 2025, referred to the House Committee on State Affairs on March 7, heard in a public hearing by the committee on March 12, then substituted and passed unanimously out of the committee on March 19. The bill was heard on the General State calendar by the full House on April 1st and passed to the Senate 130 to 16.

In the Senate, House Bill 143 was referred to the Senate Committee on Natural Resources on April 3rd and considered in a public hearing on April 16th where the bill was left pending. On May 21st the bill was unanimously voted out of the committee for consideration by the full Senate. The Senate heard the bill on May 23rd and passed the bill unanimously. The bill was sent to the Governor on May 31, signed on June 20th and went into effect on September 1, 2025.

ANNUAL ELECTRICAL INSPECTION OF WELLS (HOUSE BILL 3334)
AUTHOR: REP. KING

ANALYSIS: House Bill 3334 by Ken King relating to wildfire prevention, mitigation, and response for certain wells under the jurisdiction of the Railroad Commission, would have authorized the imposition of an administrative penalty, up to $5,000 for each violation related to failure to comply with closure requirements at a drilling site.

The bill would have required annually an operator to contract with a bonded and state-certified third-party inspector to identify and inspect for susceptibility to wildfires all wells and related facilities associated with the operator. If an operator failed to conduct the required inspections or take remedial actions, the commission would have been able to suspend or revoke the operator's permit to operate the well or related facility.

The committee substitute for the bill would have applied only to an operator with a formal Notice of Violation from the Railroad Commission for a fire related incident in the past 5 years that wanted to transfer a well. It would have required the operator to contract with a licensed person capable of determining compliance with National Electrical Code to identify and inspect for susceptibility to wildfires all transfer wells and related facilities associated with the operator. The bill would also have required the Railroad Commission to work with the PUC to terminate electric service to an inactive or orphaned well.

TIPRO EFFORTS: Again, the TIPRO Voting State Issues Committee had immediate concerns with the provisions of House Bill 3334 as originally drafted. The bill was untenable due to the resources required by stipulations in the bill. It would have been a significant financial burden for the oil and gas industry and could have potentially ended the transfer of wells. TIPRO participated in discussions with Chairman King to seek an agreeable outcome. The chairman agreed to work on the bill as it moved through the legislative process. As a result, the TIPRO Voting State Issues Committee voted to remain neutral on House Bill 3334. The bill's language was never amended to be workable and ultimately died in the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 3334 was filed on February 25, 2025, referred to the House Committee on Energy Resources on March 21, heard in a public hearing by the committee on April 7. On April 14, a committee substitute was offered and voted out of committee 9 to 1. The bill was heard on the General State calendar by the full House on April 9th and passed to the Senate 104 to 23. In the Senate, House Bill 3334 was referred to the Senate Committee on Natural Resources, where it failed to be brought up for consideration and never moved further in the legislative process.

PENALTY FOR FAILURE TO DISCONNECT AND REMOVE ELECTRICAL EQUIPMENT (HOUSE BILL 2663)
AUTHOR: REP. DARBY

ANALYSIS: House Bill 2663 puts in place a $25,000 penalty for failure to disconnect electricity and remove all equipment associated with providing electric service to the well's production site.

The bill targets inactive oil and gas wells that have been inactive for an extended period, at least 10 years, and where the operator does not own the surface. When an operator applies to the Railroad Commission for an extension of the deadline to plug an inactive well, the application must now include a written affirmation that the operator has physically terminated electric service to the well's production site. If a person who provides an affirmation but fails to either terminate electric service or remove the specified electrical equipment, they will be subject to the penalty.

TIPRO EFFORTS: TIPRO found that operators are currently required to disconnect electricity and remove equipment for inactive wells. The bill adds that an operator applying for an extension of the deadline for plugging an inactive well must include a written affirmation that they have complied with current laws and do so or be subject to penalty. Recognizing the laws already existed, the TIPRO Voting State Issues Committee voted to remain neutral on the bill and monitor it as it moved through the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 2663 was filed on February 11, 2025, referred to the House Committee on Energy Resources on March 18, heard in a public hearing by the committee on March 24, then substituted and passed unanimously out of the committee on March 31. The bill was heard on the General State calendar by the full House on May 5th and unanimously passed to the Senate.

In the Senate, House Bill 2663 was referred to the Senate Committee on Natural Resources on May 7th and considered in a public hearing on May 14th where the bill was unanimously voted out of committee for consideration by the full Senate on the Local and Uncontested calendar. The Senate heard the bill on May 19th and passed the bill unanimously. The bill was then sent to the governor and signed effective immediately upon his signature on May 29, 2025.

WILDFIRE RESPONSE (SENATE BILL 34)
AUTHOR: SENATOR SPARKS

ANALYSIS: Senate Bill 34 requires the Texas A&M Forest Service to create a statewide database of firefighting equipment, including the type of equipment at each fire department, contact information for the department, and it must be searchable by location and equipment type.

The bill increases the statutory cap on the annual assessment levied against property and casualty insurers that funds the Rural Volunteer Fire Department Assistance Fund from $30 million to $40 million. This provides more financial support for often underfunded rural departments.

The bill requires the Texas A&M Forest Service and West Texas A&M University to jointly conduct a comprehensive study on the status and condition of "fuel loading" in wildfire risk zones across Texas and recommend changes. Fuel loading refers to the accumulation of combustible vegetation. The report is due December 1, 2026.

The original version of the bill also contained provisions similar to House Bill 143 that sought to enhance the authority of the Railroad Commission and PUC to address a failure by an operator to maintain an electrical power line serving a well site or certain surface facilities in accordance with the National Electrical Code, but this provision was ultimately removed.

TIPRO EFFORTS: As previously mentioned, Wildfire Response was listed as a top priority for TIPRO this session. Senate Bill 34 was also named a priority by Lt. Gov. Dan Patrick. TIPRO discussed the bill with the bill's author. The bill as drafted had several provisions that would address wildfire response that had no impact to the oil and gas industry and also included House Bill 143, detailed above, that the TIPRO Voting State Issues Committee supported. Thus, the TIPRO Voting State Issues Committee elected to support Senate Bill 34 and did so publicly when the bill was heard in open meetings in the Senate Committee on Water, Agriculture and Rural Affairs and the House Committee on State Affairs. TIPRO continued to monitor the bill through the legislative process in which the only provision pertaining to the oil and gas industry, House Bill 143, was removed.

BILL STATUS/EFFECTIVE DATE: Senate Bill 34 was filed on March 14, 2025, referred to the Senate Committee on Water, Agriculture and Rural Affairs on March 17, and heard in a public hearing by the committee on March 31. The bill was then substituted and passed unanimously out of the committee on April 9th and recommended for the Senate Local and Uncontested calendar. The bill was heard by the full Senate on May 15, where the author added House Bill 143 as an amendment, and unanimously passed the bill to the House.

In the House, Senate Bill 34 was referred to the House Committee on State Affairs on April 22nd and considered in a public hearing on May 5th where the bill was left pending. The bill was brought up again in a formal meeting and its committee substitute, with the House Bill 143 provision removed, was unanimously voted out of committee for consideration by the full House on the General State calendar. The House heard the bill on May 20th and passed the bill unanimously. The bill was then sent to the governor on June 1st and signed on June 20th with an effective date of September 1, 2025.

CARBON CAPTURE

DEFINING PORE SPACE OWNERSHIP (HOUSE BILL 2762/SENATE BILL 1258)
AUTHORS: REP. GEREN AND SENATOR NICHOLS

ANALYSIS: House Bill 2762 by Representative Geren and the identical companion Senate Bill 1258 by Senator Nichols were the main carbon capture and pore space bills of the 89th Legislative Session. The bills would have provided a statutory definition of pore space and clearly established pore space ownership by defining it as the geologic structures below the surface of land, including voids and cavities, and making clear that the pore space was owned by the surface owner. The bill also clarified that it would not have modified common law as it relates to the relationship between mineral and surface estates.

TIPRO EFFORTS: Prior to session, TIPRO participated in stakeholder meetings with TIPRO members, business associations, and other interested parties to discuss the economic benefit of carbon capture and sequestration to the state as well as a plan to further its development. As a result of the meetings, House Bill 2762 and Senate Bill 1258 were drafted to codify the Texas Supreme Court finding in *Lightning Oil v. Anadarko* regarding a subsurface trespass claim that found pore space belongs to the surface owner and more recently, in *Myers-Woodward, LLC v. Underground Services Markham, LLC*, in which the Texas Supreme Court confirmed that, absent an agreement otherwise, the surface owner owns underground pore space in Texas even if that pore space is encased in salt or another solid mineral or if the space was created by the production of minerals. The TIPRO State Issues Committee discussed the bill and the subsequent Supreme Court rulings establishing the precedent and voted to support the legislation. TIPRO also held meetings with parties opposed to the bill to negotiate concerns. Ultimately, compromise could not be found.

BILL STATUS/EFFECTIVE DATE: House Bill 2762 was referred to the House Committee on Energy Resources and Senate Bill 1258 was referred to the Senate Committee on Natural Resources. Neither bill was brought up for public discussion in a committee hearing and failed to pass this session.

CARBON CAPTURE AND STORAGE LIABILITY BILL (HOUSE BILL 2790)
AUTHOR: REP. DARBY

ANALYSIS: House Bill 2790 would have established a legal framework regarding liability for the capture and storage of carbon dioxide and clarify responsibilities and protections for entities involved in carbon capture initiatives.

The bill would have prohibited a claimant from bringing action against a defendant based on claims that captured or stored carbon dioxide is a pollutant or constitutes a nuisance. The bill would have established limited liability conditions for actions related to the injection, migration, and release of captured carbon dioxide, including specific criteria under which claimants may have been able to recover damages and create regulations regarding recovering noneconomic damages in cases of interference with underground minerals and water due to carbon dioxide storage. The bill also would have outlined limitations on exemplary damages that may have been recovered in relevant civil actions.

TIPRO EFFORTS: TIPRO brought House Bill 2790 to the attention of our members very early in session recognizing the gravity of the legislative changes proposed by the bill. The TIPRO State Issues Committee discussed the bill at length and spoke with the author of the bill, Energy Resources Chairman Drew Darby, about his legislative intent with the bill. The TIPRO State Issues Committee ultimately decided against taking a position on the bill but concluded that TIPRO remain a resource and stakeholder as the bill worked its way through the legislative process.

BILL STATUS/EFFECTIVE DATE: House Bill 2790 was referred to the House Committee on Judiciary and Civil Jurisprudence and heard publicly in the committee in late April. The bill was passed out of committee with a 7 – 4 vote by members and placed on the House General State Calendar.

The changes made to law by House Bill 2790 exercised constitutional authority provided for under Section 66(c), Article III of the Texas Constitution and therefore would have required the support of three-fifths of the entire House of Representatives to pass the bill to the Senate. House Bill 2790 lacked the required support and was never brought up for a vote on the House floor and failed to pass this session.

CARBON CAPTURE SEQUESTRATION POLICY COUNCIL (HOUSE BILL 2612)
AUTHOR: REP. ERIN ZWIENER

ANALYSIS: House Bill 2612 would have established the Texas Carbon Dioxide Sequestration Policy Council within the Railroad Commission to study and make recommendations relating to the commission's policy framework for carbon dioxide sequestration, the carbon capture industry, and carbon capture technology.

The council was to have consisted of no more than 16 members chaired by the Railroad Commission chairman or their designee, 3-5 members from carbon capture industry, 3-5 members from Bureau of Economic Geology at the University of Texas at Austin, and 3-5 members from a state or national nonprofit entity focused on environmental issues.

TIPRO EFFORTS: TIPRO brought the bill to the attention of the TIPRO Voting State Issues Committee. The committee had concerns with the bill regarding the redundancy of the council and its purpose, the burden on the commission, and the actual intent of the legislation from the author. State and national nonprofit entities focused on environmental issues have in the past issued opposition to the state's primacy over Class VI injection wells. TIPRO discussed the bill with the Railroad Commission highlighting the commission's mission, limited resources, and the fact that a policy framework for carbon dioxide sequestration, the carbon capture industry, and carbon capture technology already exists. Ultimately, TIPRO's Voting State Issues Committee elected to oppose the legislation. When the bill was heard in the House Committee on Energy Resources on March 31, TIPRO went on public record in opposition to the legislation and articulated concerns to members of committee.

BILL STATUS/EFFECTIVE DATE: House Bill 2612 received a public hearing in the House Committee on Energy Resources on March 31. The bill, however, was not brought up to be voted on by the committee and never moved further in the legislative process.

EMINENT DOMAIN

FURTHER AMENDMENTS TO LANDOWNER'S BILL OF RIGHTS (SENATE BILL 292)
AUTHOR: SENATOR SCHWERTNER

ANALYSIS: Senate Bill 292 would have made various changes to laws governing eminent domain proceedings. The bill would have changed required disclosures in the landowner's bill of rights, including adding a requirement that the statement disclose the condemning entity's responsibility for any damages arising from an examination or survey of the property. The statement would also disclose the property owner's right to refuse to grant permission to the condemning entity to enter the property to conduct an examination or survey; would notify the property owner of their right to negotiate terms of the examination or survey; and the condemning entity's right to sue for a court order to authorize examination/survey of the property if the property owner refuses to grant permission.

Additionally, the statement would require a condemning entity to identify real property the entity does not seek to acquire by condemnation; and make a separate offer for that property than for the real property the entity seeks to acquire via condemnation proceeding. The bill would require certain information be disclosed conspicuously on any form an entity with eminent domain authority uses to request owner's permission to enter property for a survey - information that must be provided includes: the right of the owner to refuse permission to enter the property; disclosure that the entity has the right to sue to gain access; the owner has the right to negotiate terms of an examination of the property; and that the entity has responsibility for any damages resulting from the examination or survey of the property. The bill would change the timing of when the landowner's bill of rights must be provided to the property owner - currently law requires the statement be provided when an authority makes a final offer. SB 292 would have required the statement be disclosed at the time the initial offer is made.

The bill would also remove the grace period of "no later than 7 days" for the timing of the statement.

·SB 292 creates an inherent conflict in the law by granting parties competing “rights” that will have to be litigated and will surely lead to differing opinions between courts, resulting in project delays and uncertainties. SB 292 also conflicts with Section 111.019 of the Texas Natural Resources Code which addresses surveys and was added during the 2021 eminent domain legislation.

·This confusion in the law would undermine the right to perform an initial survey and will add significant delay and will surely frustrate public infrastructure projects all across the state.

·The bill would have added a provision regarding a separate offer that is confusing and directly conflicts with a landowner protection agreement added during the 2021 eminent domain legislation that allows landowners to freely negotiate on their own terms after an offer with the statutory form of easement is presented.

·SB 292 would create substantial litigation, costs and delay in needed infrastructure.

Senate Bill 292 would have created significant legal complications which would hinder all public infrastructure projects relating to water, electricity, highways and roads, energy and municipal and county projects. The bill retreads past bills presented during the last four sessions that could not be agreed upon by Texas stakeholders or already placed in statute.

TIPRO EFFORTS: The Coalition for Critical Infrastructure, which TIPRO is a member of, worked with stakeholder groups for six years, beginning in 2015, to address concerns with the eminent domain process. While we were not able to reach consensus on every issue, we were able to make significant changes to the eminent domain process in 2021 resulting in the passage of HB 2730. At that time, most of the stakeholders agreed to refrain from pursuing further changes for 10 years. Senate Bill 292 is simply retread language on which consensus could not be reached. TIPRO opposed the identical retread bills in past sessions (SB 1513-87R) and the TIPRO State Issues Committee voted to oppose Senate Bill 292 this session. TIPRO opposed the bill on public record when it was heard in a formal committee hearing in the Senate Committee on State Affairs. TIPRO also distributed one-pagers expressing opposition to the bill to members of the committee as well as to members of the full Senate once the bill passed the committee. TIPRO also articulated concerns with the bill to the House Committee on Land and Resource Management, which negotiated the 10-year moratorium on eminent domain legislation in 2021.

BILL STATUS/EFFECTIVE DATE: Senate Bill 292 was introduced in the Senate early in the session and referred to the Senate Committee on State Affairs. On April 10, 2025, the Senate passed the bill unanimously, suspending the three-day rule, reading it for the third time, and passing it to the House 31-0. In the Texas House, the bill was referred to the House Committee on Land and Resource Management where it was heard on May 8th and left pending in committee. The bill failed to move any further in the legislative process.

REQUIRED EMINENT DOMAIN ATTORNEY’S FEES (SENATE BILL 291)
AUTHOR: SENATOR SCHWERTNER

ANALYSIS: Senate Bill 291 would allow an entity with eminent domain authority that fails to disclose any and all appraisal reports to an owner regarding their property which the entity wishes to acquire, to be held liable to the property owner for reasonable attorney's fees incurred by the owner in connection with the entity's acquisition of the owner's property.

TIPRO EFFORTS: The Coalition for Critical Infrastructure, which TIPRO is a member of, worked with stakeholder groups for six years, beginning in 2015, to address concerns with the eminent domain process. While we were not able to reach consensus on every issue, we were able to make significant changes to the eminent domain process in 2021 resulting in the passage of HB 2730. At that time, most of the stakeholders agreed to refrain from pursuing further changes for 10 years. Senate Bill 291 was simply retread language on which consensus could not be reached.

TIPRO opposed the identical retread bills in past sessions (SB 1512-87R) and the TIPRO State Issues Committee voted to oppose Senate Bill 291 this session. TIPRO opposed the bill on public record when it was heard in a formal committee hearing in the Senate Committee on State Affairs. TIPRO also distributed one-pagers expressing opposition to the bill to members of the committee as well as to members of the full Senate once the bill passed the committee. TIPRO also articulated concerns with the bill to the House Committee on Land and Resource Management, which negotiated the 10-year moratorium on eminent domain legislation in 2021.

Once the bill passed the House committee, TIPRO and CCI worked Calendars committee members' offices expressing industry concerns articulating the following issues:

- Current law already fully addresses what the bill seeks to do with respect to required disclosure of prior appraisals and the recovery of attorney fees in Property Code 21.047 for failure to do so.
- By inserting new language in a new section of Code (21.0111), the law becomes inconsistent with current law, creating confusion with the new language failing to address a time frame, or specified remedy as to whether a public project will be abated or even dismissed.
- Current law incentivizes all non-disclosure claims to be raised before a special commissioners' hearing is held. SB 291 allows non-disclosure claims to be made even after an infrastructure project has begun construction which could halt construction and lead to months long delay or frustration of an entire project.
- The bill will undoubtedly create additional costs, litigation and substantial delay in public projects.

Senate Bill 291 would create significant legal complications which would hinder all public infrastructure projects relating to water, electricity, highways and roads, energy and municipal and county projects. The bill retread past bills presented during previous sessions that could not be agreed upon by Texas stakeholders or already placed in statute.

BILL STATUS/EFFECTIVE DATE: Senate Bill 291 was introduced early in the session and referred to the Senate Committee on State Affairs. The bill was heard in the committee on March 24, 2025, and unanimously voted out of the committee on March 27th 9 to 0. The bill was then heard by the full Senate on April 10. The legislative body suspended the customary three-day rule for SB 291 and passed it unanimously over to the House 31 to 0. After Senate approval, SB 291 was referred to the House Committee on Land and Resource Management. On May 19, the bill was heard in a formal meeting, was voted on, but failed to pass out of committee

On May 21st, the bill was reconsidered in a formal meeting and voted out of the committee 5 to 1 with three members absent. The bill was then sent to the House Calendars Committee, where it failed to move any further in the legislative process.

ROYALTY OWNER ISSUES

EXPANDING THE DEFINITION OF A MINERAL (HOUSE BILL 5103)
AUTHOR: REP. ROSENTHAL

ANALYSIS: House Bill 5103 by Rep. Jon Rosenthal sought to further define minerals in statute by adding lithium, salt, and bromine to the definition. The definition of a mineral has not been revised since 1987. The energy industry and mining industry rely on the Property Code to define what a mineral is. The mineral definition is also referenced by several other new laws. As technology advances and new methods of extraction are advancing in the market, diligence is required to assure that all mineral owners, including the State of Texas under minerals managed by the General Land Office and University Lands System, are not being excluded from any income derived from their minerals. The revenue is not only being derived from oil and gas production, it is also being produced from brine as well as from oil and gas waste such as produced water. Some lithium extraction companies report that the minerals extracted from produced water can be worth millions of dollars.

TIPRO EFFORTS: TIPRO and the National Association of Royalty Owners (NARO) discussed House Bill 5103. TIPRO shared NARO's explanation of and need for the bill with all TIPRO members. TIPRO also facilitated conversations between NARO lawyers and TIPRO members to foster a better understanding of the issue. Despite best efforts to reach an agreement, a consensus of TIPRO members expressed concern with HB 5103 arguing that law was clear, that these and other minerals not mentioned in the property code have long been thought to be minerals belonging to the mineral owner, and ultimately believe the issue is best dealt with through the lease agreement vs. a blanket legislative approach. TIPRO continued to discuss the bill with NARO through the remainder of the legislative cycle.

BILL STATUS/EFFECTIVE DATE: House Bill 5103 was filed on March 13, 2025, and referred to the House Committee on Energy Resources on April 7. A week later, the bill was heard in a public hearing and left pending. The bill, however, was never brought up by the committee after the hearing and therefore never moved further in the legislative process.

ROYALTY SUSPENSE NOTIFICATION (HOUSE BILL 5105)
AUTHOR: REP. ROSENTHAL

ANALYSIS: House Bill 5105 by Rep. Jon Rosenthal would have required a royalty payor who suspends payment to a royalty payee to send a written notification to the payee. This notification must "reasonably detail" the nature of the suspension and must be sent within 30 days of the suspension. Failure to do so would have resulted in the requirement of the payor to pay interest on the suspended amount, calculated at a rate two points above the applicable New York Federal Reserve Bank rate. This interest period begins on the 31st day following the suspension and continues until the payor delivers the required notice.

The committee substitute to the bill sought to address certain concerns brought to the author by industry. The substitute would have applied HB 5105 only to a payee with ownership interest who is already in pay status prior to the suspense. The substitute removed the term "reasonable detail" and only required the reason for suspension to be identified. Finally, the substitute expanded the timeframe for the required notice from 30 to 60 days.

Currently royalty owners can have their payments put into suspense and not know why their payments have been suspended or how to remedy them. This is prevalent with mergers and acquisitions that take place as operators buy and sell assets and leases. This bill requires that an operator inform a royalty owner of the reason why payment is put into suspense. If the operator does not provide a reason why payment is suspended, then the operator is required to pay interest on the amount rightfully owed.

TIPRO EFFORTS: TIPRO and NARO discussed House Bill 5105. TIPRO shared NARO's explanation of and need for the bill with all TIPRO members. TIPRO also facilitated conversations between NARO lawyers and TIPRO members to foster a better understanding of the issue. Through these discussions, NARO was able to amend their bill to address industry concerns applying the bill only to a payee with ownership interest who is already in pay status prior to the suspense; removing the term "reasonable detail"; requiring the reason for suspension to be identified; and allowing additional time for compliance.

Given the changes, the TIPRO Voting State Issues Committee felt the bill could help to avoid disputes and clear suspense issues faster and thus voted to support House Bill 5105. TIPRO supported the bill for the public record in the House Committee on Energy Resources when the bill was heard in an open hearing. TIPRO continued to discuss the bill with NARO through the remainder of the legislative cycle.

BILL STATUS/EFFECTIVE DATE: House Bill 5105 was filed on March 13' 2025, and referred to the House Committee on Energy Resources on April 7. A week later, the bill was heard in a public hearing and left pending. The bill, however, was never brought up by the committee after the hearing and therefore never moved further in the legislative process.

OBLIGATION TO PROVIE ROYALTY INFORMATION (HOUSE BILL 5106)
AUTHOR: REP. ROSENTHAL

ANALYSIS: House Bill 5106 by Rep. Jon Rosenthal stipulated that when a payee is presented with a request to sign either a ratification of a lease, pooling agreement, unit designation, or a division order, the payor is obligated to provide the payee with a copy of the relevant document upon written request. The response was required to occur no later than 14 days after the request is received. If the payor does not respond within the specified timeframe, the payee is no longer obliged to sign the corresponding document and is entitled to payment without the previous restrictions from Section 91.402(c)(1)* applying. The bill would also have required that any request by a payor for a payee to ratify relevant agreements or sign a division order must include a clear statement detailing the new rights of the payee outlined above.

*Natural Resources Code Section 91.402(c)(1) states that a payor in the oil and gas industry can require a payee to provide a signed division order before making payments. This division order must contain specific information, including the effective date, property description, and payee's claimed interest in the production.

A substitute to House Bill 5106 was offered that applied the bill only to a payee with real property interest whose interest is subject to an unrecorded agreement. The substitute also required the payor to provide the unrecorded agreement if the payor has a copy. The substitute expanded the timeframe for notice in the bill from 14 to 30 days and also includes that if the payor does not have a copy of the unrecorded agreement, then the notice of such is sent to the payee. House Bill 5106 was drafted because oil and gas leases are generally no longer recorded in the county property records. Instead, when operators buy and sell leases or even when they execute new leases, they only file memorandums of the lease. This makes it impossible for many royalty owners, such a non-participating royalty owners, who have a right to be paid under the lease, to check the terms of the lease against any payments received.

It is necessary to check the actual lease because the lease dictates the rules and payment terms. Leases can stay in effect for generations. Additionally, operators who have purchased a lease frequently ask royalty owners to ratify the lease. Non-participating royalty owners are people who own an interest in the minerals/royalties and own a right to be paid but who are not the party who executed the original lease. In order to ratify the lease pursuant to an operator's request, they need to review a copy of the actual lease. Unfortunately, many operators decline to provide a copy under the excuse that the royalty owners are not a party to the original lease. Obviously, it unfair to ask someone to ratify a document and not provide a copy of the document. This information is critical to royalty owners in order to ratify as well as to verify that payment is accurate according to the terms of the lease. The bill simply provides that operators need to produce a copy of the lease upon request.

TIPRO EFFORTS: TIPRO and NARO discussed House Bill 5106 at length. TIPRO shared NARO's explanation of and need for the bill with all TIPRO members. TIPRO also facilitated conversations between NARO lawyers and TIPRO members to foster a better understanding of the issue. Ultimately, TIPRO members thought HB 5106's approach was reasonable, but many of TIPRO's member companies did not see this as a significant problem with prudent operators noting that less prudent operators would continue to not comply regardless of the legislation. As a result, the TIPRO State Issues Committee elected to remain neutral on House Bill 5106 but continued to discuss the bill with NARO through the remainder of the legislative cycle.

BILL STATUS/EFFECTIVE DATE: House Bill 5106 was filed on March 13, 2025, and referred to the House Committee on Energy Resources on April 7. A week later the bill was heard in a public hearing and left pending. The bill, however, was never brought up by the committee after the hearing and therefore never moved further in the legislative process.

MISCELLANEOUS

REPEALING STATE DIVESTMENT OF COMPANIES BOYCOTTING TEXAS ENERGY COMPANIES (SENATE BILL 1912)
AUTHOR: SENATOR ECKHARDT

ANALYSIS: In 2021, the 87th Texas legislature passed Senate Bill 13 by Chairman Brian Birdwell that requires the comptroller to maintain a list of all companies that boycott energy companies or companies that invest, assist, or do business with energy companies and directs state government investment entities to prudently divest from those companies. Senate Bill 1912 by Senator Sarah Eckhardt sought to repeal those provisions of law that required the state to divest state funds from companies that boycott Texas energy companies.

TIPRO EFFORTS: The TIPRO State Issues Voting Committee supported Senate Bill 13 in the 87th Texas Legislature and voted to oppose its repeal in Senate Bill 1912. TIPRO articulated our opposition to the Senate Committee on Natural Resources. No further action was required.

BILL STATUS/EFFECTIVE DATE: Senate Bill 1912 was filed in the Texas Senate on March 5, 2025, and referred to the Senate Committee on Natural Resources on March 17. The bill, however, was not brought up for a public hearing in the committee and never moved further in the legislative process.

PROHIBITION OF A CASH BOND REQUIREMENT FOR PIPELINE CONSTRUCTION (HOUSE BILL 206)
AUTHOR: REP. CRADDICK

ANALYSIS: House Bill 206 by Rep. Tom Craddick prohibits a county from requiring a cash bond as a condition of approval for the construction of a pipeline in the county's boundaries. Eliminating this requirement will reduce financial and regulatory burdens on pipeline developers, prevent delays to critical infrastructure projects, enhance regulatory certainty, and reduce the often difficult process of developers recovering funds once they have been allocated or spent by counties.

TIPRO EFFORTS: TIPRO spoke with Rep. Tom Craddick about House Bill 206 and the issue he sought to address. The TIPRO State Issues Voting Committee discussed the bill and elected to support the bill. TIPRO supported the bill for the public record in both the House Energy Resources Committee and the Senate Natural Resources Committee and with members of the legislature.

BILL STATUS/EFFECTIVE DATE: House Bill 206 was filed on November 12, 2024, and first read in the Texas House on February 27, 2025, where it was referred to the House Energy Resources Committee. A public hearing was held and testimony taken on March 17, but the bill was left pending at that time. The committee reconvened on April 3, considered a committee substitute, approved it in a formal meeting that same day, and unanimously voted the bill out of committee. The bill was placed on the General State Calendar, heard by the full house on April 22nd and was passed by a vote of 110 to 38. Following House approval, House Bill 206 was received in the Senate on April 23, referred to the Senate Natural Resources Committee on April 24, and heard in committee on May 7, with testimony and a committee vote.

The bill was unanimously voted out of the committee on May 8, placed on the Senate Local & Uncontested Calendar. The Senate suspended its three-day rule and unanimously passed the bill on May 12. The enrolled bill was sent to the governor on May 14, and signed into law on May 26, 2025. It took effect on September 1, 2025.

PROTECTING OIL AND GAS EXPLORATION IN THE TEXAS CONSTITUTION (HOUSE JOINT RESOLUTION 107)
AUTHOR: REP. LANDGRAF

ANALYSIS: House Joint Resolution 107 by Rep. Brooks Landgraf would have created a constitutional amendment that would have protected the right to engage in the exploration for and production and export of oil, gas, and other minerals.

TIPRO EFFORTS: TIPRO spoke with Rep. Brooks Landgraf about House Joint Resolution 107. The TIPRO State Issues Voting Committee discussed the bill and elected to support the bill. TIPRO supported the bill for the public record in the House Energy Resources Committee.

BILL STATUS/EFFECTIVE DATE: House Joint Resolution 107 received a public hearing in the House Committee on Energy Resources on March 17. The bill, however, was not brought up to be voted on by the committee and never moved further in the legislative process.

CURBING NUCLEAR VERDICTS (SENATE BILL 30/HOUSE BILL 4806)
AUTHORS: SENATOR SCHWERTNER AND REP. BONNEN

ANALYSIS: Senate Bill 30 and the identical House Bill 4806 sought to introduce significant modifications to the Texas Civil Practice and Remedies Code aimed at the recovery of damages in civil actions. Key changes would have included:

- Affidavit Process: Mandates notice of intent to controvert for health care service charges and necessity, replacing the need for a counter affidavit.
- Affidavit Limits: Affidavits stating health care charges are reasonable must now comply with specific criteria and cannot support causation claims.
- New Subsections: Establishes Section 18.0011, preventing the controversion of healthcare service charges if specific charging criteria are met.
- Definitions and Awards: Expands definitions related to future damages, mental anguish, and pain/suffering, and restricts non-economic damages to load clear and convincing evidence.
- Evidence in Court: Instructs how documents related to health care charges must be handled in court, including using evidence from the Texas All Payor Claims Database.
- Cap on Rewards: Imposes limits on economic damages for health care services and includes stipulations for discovery and documentation requirements related to claims.

This bill would have altered the Texas Civil Practice and Remedies Code primarily to refine how damages are approached in civil actions, particularly concerning health care expenses and noneconomic damages.

Prominently introduced in the bill was Section 18.0011, establishing criteria that must be fulfilled for health care providers to maintain the reasonableness of charges. The section articulated that if providers demonstrate their fees are aligned with either the funds received from all sources or capped at 150 percent of median payments by third-party payors, those charges cannot be contested.

The bill revised the criteria under which affidavits are accepted in court, removing references to counter affidavits and clarifying that affidavits do not serve to establish causation, thereby tightening evidentiary standards. It enhances definitions around "future damages" and "mental or emotional pain," ensuring that these terms are precisely delineated with nuanced criteria for what can be claimed.

Furthermore, the legislation delineated the limitations on economic damages for health care, alongside creating substantial documentation requirements for claimants regarding compensation agreements. It introduced a framework for noneconomic damages, mandating that awards must be justified by a unanimous jury decision while establishing distinct caps for various categories of pain and suffering claims.

These changes aimed to create a more streamlined, fair, and evidence-driven process for resolving civil suits related to personal injury and health care, balancing the rights of defendants and plaintiffs in civil proceedings. The law would have applied only to cases filed after the bill's effective date.

For more information, please review the Lone Star Economic Alliance Report: *Breaking Down Nuclear Verdicts*. TIPRO is a LSEA member.

TIPRO EFFORTS: Lieutenant Governor Dan Patrick named Senate Bill 30 as one of his priority bills for the 89th Legislative Session. TIPRO analyzed the bill and participated in stakeholder meetings with the Lone Star Economic Alliance (LSEA), a group of industry advocates that fight for policies that ensure employers can continue to create jobs and safely provide the goods and services that are essential to Texas families.

Formed by Texas job creators of all sizes, LSEA aims to curtail the skyrocketing cost of doing business by exposing unfair litigation practices and their impact on the jobs and businesses that fuel our economy. TIPRO presented Senate Bill 30 to the State Issues Voting Committee, which recognized the need to for Senate Bill 30/House Bill 4806 in order mitigate the impacts of unfair litigious practices and the nuclear verdicts that were stemming from certain legal abuses. The TIPRO State Issues Committee voted to support the bills and added TIPRO's logo to a one-pager in support of the legislation. TIPRO supported the bills in both the Senate and House Committees and assisted in the distribution of the one pager to legislative offices. Additionally, TIPRO reached out to legislative offices during critical voting periods of the bill in attempt to assist its movement through the legislative process.

BILL STATUS/EFFECTIVE DATE: Senate Bill 30 was filed on March 13, 2025 and referred to the Senate Committee on State Affairs. The bill was first publicly heard by the committee on March 31st but was left pending. A committee substitute was offered for the bill and the committee voted it out 9 to 1 on April 14. On April 16th a lengthy debate on the bill was had by the full Senate with six total amendments being offered and only two of the amendments, those drafted by the bill's author, being accepted and passed. The Senate ultimately passed the bill along party lines 20 to 11 and sent the bill on to the House.

In the House, the bill was referred to the Committee on Judiciary and Civil Jurisprudence, where it was heard and substituted on May 21st and finally voted out of the committee on May 23rd by a vote of 7 to 4. On the House floor, 10 amendments and numerous attempts to kill the bill through parliamentary procedure were offered. The bill finally passed on May 28th also along party lines by a vote of 87 to 51.

The Senate refused to concur with the amendments added to the bill by the House so both chambers elected to appoint conference committee conferees to work out differences between the House and Senate version of the bill, but the two chambers could not reconcile their versions before the June 2nd end of session deadline - effectively killing the bill.

LIMITATION ON PUBLIC NUISANCE CLAIMS (SENATE BILL 779/HOUSE BILL 3964)
AUTHORS: SENATOR MIDDLETON AND REP. CODY VASUT

ANALYSIS: Senate Bill 779 and the identical House Bill 3964 were aimed at addressing the evolution through the court system of public nuisance laws that once addressed traditional concerns such as noise violations being used against businesses for broader alleged societal harms such as climate change.

The bill would have specified three things that cannot be brought as public nuisance claims:
1. A specifically allowed activity (i.e., a legal activity). SB 779 prevents public nuisance claims for damages directed at explicitly lawful conduct in circumvention of legislative authority. The Legislature passes laws that make activities lawful or unlawful and creates administrative agencies to regulate those activities. If an actor has been specifically permitted to do something by law, then it is wrong for a court to rule the activity a nuisance to the public. If a specifically lawful activity produces harm, it is up to the Legislature or the regulatory authority to take corrective action.
2. Activities where a statutory cause of action or administrative enforcement mechanism already exists. SB 779 requires the courts to defer to statutes and administrative processes that already exist to protect the public not a duplicative and overbroad public nuisance lawsuit for damages. If a remedy is already available in law to protect the public, then a public nuisance lawsuit is not necessary or appropriate.
3. A product or marketing of a product.

SB 779 sought to codify longstanding court decisions related to defective products and deceptive product marketing. If a product is defective, Texas allows a product liability lawsuit. If marketing of a product is misleading, lawsuits may be pursued under the Deceptive Trade Practices Act or for fraud. Whether in the 1990s tobacco litigation or more recently in plastics litigation, Texas courts have ruled that public nuisance laws only apply to real property not products and that the appropriate remedy is abatement of the nuisance, not money damages.

TIPRO EFFORTS: The TIPRO State Issues Committee voted to support the bills. TIPRO supported the bills for public record in the House and Senate Committees and helped explain to legislative offices that the bill would set reasonable boundaries for the tort of public nuisance by preventing abusive public nuisance lawsuits that target lawful activities like producing oil & gas and that the bill does not prohibit a local government or the state from pursuing public nuisance and statutory common nuisance lawsuits against unlawful activities.

BILL STATUS/EFFECTIVE DATE: Senate Bill 779 was introduced in the Senate on January 14, 2025, and referred to the Senate Committee on State Affairs. The bill was first heard publicly in the committee on March 17, where testimony was taken, but was left pending. Following stakeholder input and the drafting of a committee substitute, the committee substitute was passed out of the committee on March 31st by a vote of 7 to 1. The full Senate heard the bill on April 9th and passed it to the House on April 10th along party lines 17-12. In the House, the bill was referred to the House Committee on Judiciary & Civil Jurisprudence on April 17. The bill, however, was not brought up for a hearing by the committee and never moved further in the legislative process. The House bill was heard in committee but was never again brought up and also failed to move further in the legislative process.

Formed in 1946, the Texas Independent Producers & Royalty Owners Association advocates to preserve the ability for independents to explore for and produce oil and natural gas.