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SUNSET ADVISORY COMMISSION, CHAIR
GOVERNMENT ORGANIZATION, VICE-CHAIR
CRIMINAL JUSTICE



COMMITTEES:
NATURAL RESOURCES
AGRICULTURE & RURAL AFFAIRS
NOMINATIONS

SENATOR GLENN HEGAR
DISTRICT 18

January 31, 2011

The Honorable Elizabeth Ames Jones
The Honorable David Porter
Texas Railroad Commission

Dear Commissioners:

As the Chairman of the Sunset Advisory Commission I received, as did all of my colleagues in the Legislature, a copy of your letter of January 21, 2011 to Governor Perry, Lt. Governor Dewhurst and Speaker Straus regarding your opposition to the Sunset Commission's recommendation to replace the current three-member Railroad Commission with a single commissioner. I appreciate you sharing your viewpoint on the structure of the Railroad Commission.

As you know, the Sunset Advisory Commission began their review of the Railroad Commission in April of last year. Since that time Commission members and staff have met with and taken written and public testimony from Railroad Commission employees, stakeholders, and other concerned Texans. What you may not know is that during that eight-month review process, Sunset Advisory Commission staff and members heard, by overwhelming consensus, that the current structure of the Railroad Commission is severely broken.

As a matter of courtesy to my legislative colleagues who received your letter and who may not have closely followed the Sunset Advisory Commission's work during the interim, I want them to know that the Sunset Advisory Commission met on December 15, 2010 and took public testimony on the Sunset Staff recommendations in regards to the Texas Railroad Commission. Prior to that meeting, only former Railroad Commissioner Victor Carrillo provided any response to the Sunset Advisory Commission report. We did not hear from either of you. This stands in stark contrast to the other 26 agencies under sunset review, whose governing boards all submitted responses to the Commission report. While each member of the Railroad Commission provided testimony at the public hearing, there was absolutely no consensus as to how best to structure the Commission. To the contrary, there were multiple and widely varying opinions on the subject.

The Sunset Advisory Commission met again on January 12, 2011 and voted on the staff recommendations, taking into account all of the public, agency, and stakeholder input received during the review process. The Commission voted overwhelmingly to replace the current three-member Railroad Commission with a single elected commissioner at the newly created Oil and Gas Commission. I believe that the Sunset Commission made the correct decision. Based upon the overwhelming volume of testimony that the current system is badly broken, maintaining the status quo was never a viable, or responsible option. This action not only corrects the problem brought to our attention, but an additional benefit is that it saves the taxpayers of Texas over 1.2 million dollars annually.

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I agree that the Railroad Commission regulates an industry that it is extremely vital to the Texas economy and I understand the importance of the oil and gas industry to our state. It is for these reasons the Sunset Advisory Commission worked hard to find the best structure for the Railroad Commission and why we came to the conclusion that a single elected commissioner will best serve the oil and gas industry, and even more importantly, the people of Texas.

I would highlight the other state agencies in Texas who have regulatory authority and remind you that none of them have a three-member elected governing board. Empirical evidence supports that having a single elected commissioner has worked extremely well at the Department of Agriculture, the General Land Office and the Office of the State Comptroller. These are examples of exceptional regulatory agencies, led by outstanding elected leaders who perform their duties for the taxpayers of Texas efficiently and effectively.

I'm curious, in light of your argument that three commissioners are critical to the proceedings at the Railroad Commission, is it your intention to wait for the vacancy caused by the resignation of Commissioner Williams to be filled before making any formal decisions? If so, I do not believe that to be the hallmark of an efficient or effective regulatory agency.

The bottom line is that the members of the Sunset Advisory Commission believe the current Railroad Commission structure is broken, and I believe the members of the Legislature will reach that same conclusion. I believe there is ample evidence in support of repairing the structure, including the recent resignation of one of your fellow commissioners. This session, the Legislature has the opportunity to make meaningful reforms to the Railroad Commission and to do what our constituents sent us to Austin to do—to make state government more efficient, effective and responsive to the people of Texas.

It is my intention to pass a Railroad Commission Sunset bill that will mend the fundamental flaws that currently hamper the efficient regulation of the oil and gas industry in Texas. It is my hope that you will join me in those efforts.

Thank you again for your comments. I look forward to working with you as we improve the efficiency and organization of the Railroad Commission. As always, if I can ever be of service to you, please do not hesitate to contact me.

Sincerely,



State Senator Glenn Hegar
Chairman, Texas Sunset Advisory Commission



State Representative Dennis Bonnen
Vice-Chairman, Texas Sunset Advisory Commission

CC: The Honorable Rick Perry
The Honorable David Dewhurst
The Honorable Joe Straus
Members of 82nd Legislature