

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2187

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Kilgore

3. Committee: Appropriations

4. Title: Gas or oil drilling units; escrowed proceeds, Coalfield Region Elderly Assistance Fund.

5. Summary: Provides that proceeds of certain gas or oil wells, escrowed because the owner's identity and location remain unknown, shall be presumed abandoned and paid into the Coalfield Region Elderly Assistance Fund (the Elderly Fund), established by the bill. The bill directs the Virginia Gas and Oil Board to make grants to nonprofit organizations for the support of elderly residents of the region. Current law requires such escrowed proceeds to be disposed of pursuant to the Uniform Disposition of Unclaimed Property Act.

The bill also provides that certain escrowed proceeds, due to known and locatable claimants of coalbed methane gas wells that were force-pooled prior to July 1, 2015, shall be deemed abandoned and made available to the Coalfield Region Tourism Fund (the Tourism Fund), also established by the bill, when one year has passed since the last provision of notice to such claimant and certain other conditions are met. The bill provides that all moneys in the Tourism Fund in excess of a minimum balance of \$500,000 shall be disbursed equally to the Southwest Regional Recreation Authority and the Heart of Appalachia Tourism Authority.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: This bill establishes a new, nongeneral fund on the books of the Commonwealth, the Coalfield Region Elderly Assistance Fund, to be administered by the Department of Mines, Minerals, and Energy (DMME) at the direction of the Virginia Gas and Oil Board, and to provide grants to nonprofit organizations for the support of elderly residents of the region. The revenue source for this Fund will be unclaimed escrowed proceeds from certain gas and oil wells when they are not subject to conflicting claims of ownership. Currently, these unclaimed proceeds may eventually become part of the Commonwealth's Unclaimed Property Program and then potentially flow into the Literary Fund if left unclaimed.

Any action that reduces monies deposited into the Literary Fund could have a negative impact on the Literary Fund revenues and the programs it supports. The Literary Fund supports public education. Currently, the specific programs include teacher retirement, debt

service payments for technology bonds issued to public schools, and Literary Fund loans for school construction. The first program to be impacted would be the Literary Fund loans. If the loss of revenue to the Literary Fund is significant, it eventually could have a general fund impact because general fund revenue would be required to backfill the loss of Literary Fund used to pay debt service and teacher retirement.

Additionally, the bill establishes second, new, nongeneral fund on the books of the Commonwealth, the Coalfield Region Tourism Fund, to be administered by DMME. Balances in this fund in excess of \$500,000 are to be used to support, in equal parts, the Southwest Regional Recreation Authority and the Heart of Appalachia Tourism Authority. The revenue source for this new Fund will be abandoned escrowed moneys from certain gas and oil wells when they were subject to conflicting claims of ownership. Currently, such escrowed moneys remain in escrow if the gas claimant fails to provide the Board with information needed to distribute the funds.

It is anticipated that any costs DMME may incur in the administration of the two, newly-established funds can be absorbed within existing resources.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy; Virginia Tourism Authority.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is the companion to SB1268.