

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 5, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB975 by Puente (Relating to the plugging of abandoned or deteriorated water wells.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB975, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|-----------------------------------------------------------------------------------------|
| 2004 | \$0 |
| 2005 | \$0 |
| 2006 | \$0 |
| 2007 | \$0 |
| 2008 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from New General Revenue Dedicated-Water Well Plugging | Probable Revenue Gain/ (Loss) from New General Revenue Dedicated-Water Well Plugging | Change in Number of State Employees from FY 2003 |
|--------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 2004 | (\$399,720) | \$399,720 | 3.0 |
| 2005 | (\$1,140,520) | \$1,140,520 | 3.0 |
| 2006 | (\$1,140,520) | \$1,140,520 | 3.0 |
| 2007 | (\$886,770) | \$886,770 | 3.0 |
| 2008 | (\$886,770) | \$886,770 | 3.0 |

Fiscal Analysis

The bill would amend Chapter 32 of the Water Code to authorize a fee on new water wells for the purpose of plugging abandoned and deteriorated water wells. Revenue would be deposited into a new, General Revenue Dedicated Account - Water Well Plugging. The Department of Licensing and Regulation would set the fee by rule. The bill limits administrative costs associated with the program to no more than 20 percent of the fee revenue.

The bill would take effect immediately upon enactment, assuming that it receives the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Methodology

The Texas Department of Licensing and Regulation indicates the need for three additional FTEs. One Natural Resource Specialist IV (at \$37,332 per year) would be needed to investigate abandoned well reports and to evaluate bids and plugging specifications for abandoned or deteriorated wells in areas without Ground Water Districts. One Administrative Technician IV (at \$29,232 per year) would be needed to process quarterly payments from water well drillers. One Administrative Technician III (at \$25,932 per year) would be needed to issue and mail quarterly bills to water well drillers. Total costs associated with the three FTEs would be \$145,220 in 2004 and \$123,020 in each following year.

The agency estimates \$254,500 in 2004, \$1,017,500 each year in 2005-06, and \$763,750 in each year in 2007-08 would be needed to cover costs associated with plugging abandoned or deteriorated wells. The agency, with the assistance of Ground Water Districts, would plug 100 wells in 2004, 400 wells each year in 2005-06, and 300 wells each year in 2007-08.

It is assumed the agency would adjust fees to offset any costs associated with implementing provisions of the bill.

Technology

Computers and software would be needed for the additional three Full-time Equivalent Positions (FTEs) totaling \$6,900 in fiscal year 2004. Also, approximately 20,000 water well reports would need to be imaged at a cost of \$1,200 each year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller Of Public Accounts, 452 Department Of Licensing And Regulation

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