

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 23, 2003**

**TO:** Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1351** by Jackson (Relating to the land application of certain sludge.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would make changes to requirements for permits to apply Class B sludge on a land application unit. The bill would require that the permit holder submit quarterly computer generated reports to the Texas Commission on Environmental Quality (TCEQ) that contain specific information. The bill would also require that an applicant for such a permit show proof that they have obtained a commercial liability insurance policy and an environmental impairment or similar insurance policy that meet certain requirements including that each of them are in amounts of not less than \$5 million. Additionally, the bill would require the TCEQ to create and operate a tracking system for the application of class B sludge. The bill would require permit holders to report deliveries and applications of the sludge using the tracking system and post the information on the TCEQ website. The tracking system would be required to allow the permit holder to report information electronically. The bill would take effect September 1, 2003.

The TCEQ does not anticipate that any additional duties required by the bill would result in significant increased costs to the agency.

**Local Government Impact**

There could be some impact to units of local government that apply Class B sludge. The bill would require impacted units of local government that apply Class B sewage sludge to increase expenditures in order to cover insurance, reporting, record keeping and licensing costs. A permit holder would be required to have two distinct insurance policies. The TCEQ estimates that premiums for each \$5 million policy would cost at least \$10,000 per year.

**Source Agencies:** 582 Commission on Environmental Quality

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