

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1987 by Bonnen (Relating to the regulation of underground and aboveground storage tanks.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1987, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

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
2006	\$0
2007	\$0
2008	(\$35,160,000)
2009	(\$17,700,000)
2010	(\$9,200,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from PETRO STO TANK REMED ACCT 655	Probable (Cost) from HAZARDOUS/WASTE FEE ACCT 549	Change in Number of State Employees from FY 2005
2006	\$0	\$6,200,000	\$0	0.0
2007	\$0	(\$61,700,000)	(\$7,400,000)	54.0
2008	(\$35,160,000)	(\$26,500,000)	(\$7,400,000)	91.0
2009	(\$17,700,000)	\$0	(\$7,200,000)	80.0
2010	(\$9,200,000)	\$0	(\$3,000,000)	50.0

Fiscal Analysis

The bill would extend the September 1, 2005 deadline for the Texas Commission on Environmental Quality (TCEQ) to reimburse persons conducting corrective actions for releases from a Petroleum Storage Tank (PST) site to September 2, 2007, if an applicant has made a good faith effort to complete such actions by the original September 1, 2005 deadline. In cases where an extension has been granted because of good faith efforts made, the bill also would require that such sites be placed in the PST "state-lead" program if corrective actions cannot be completed by September 1, 2007.

The bill also would extend the deadline to file PST reimbursement claims from March 1, 2006 to March 1, 2008 and specify that the TCEQ cannot use funds from the PST Remediation Account No. 655 to pay such reimbursement claims after September 1, 2008.

The bill would take effect on September 1, 2005.

Methodology

This estimate assumes that in fiscal year 2006, the bill would actually result in a savings to the PST Remediation Account No. 655 of \$6.2 million because extending the program beyond fiscal year 2006 would make it less imperative that cleanup sites be closed out as quickly as under current law.

Extending the PST program through fiscal year 2008 and providing for applicants demonstrating good faith to move to the state-lead program would result in increased costs to the PST program in fiscal years 2007-10.

Because the Petroleum Storage Tank Remediation fee will expire in fiscal year 2007, fund balances are expected to be depleted during fiscal year 2008. Absent those revenues, beginning in that year, this estimate assumes that PST remediation costs and state lead costs not covered by balances in the PST Remediation Account No. 655 would be paid out of the General Revenue Fund. All costs shown in the table above paid out of the General Revenue fund in fiscal year 2009 and fiscal year 2010 would be for the state-lead program.

Currently, administrative fees for the PST program are paid with a portion of revenues to the PST Remediation Account No. 655 that can be transferred to the Waste Management Account No. 549, with a statutory limit of 21.1 percent of annual revenues. Since revenues to the PST Remediation Account No. 655 decline significantly in fiscal year 2007 (only \$16.4 million in fiscal year 2006 as compared to \$39.8 million in fiscal year 2007), the amount of funds available to transfer for administrative expenses no longer will be sufficient to cover administrative costs of the program. Therefore, this estimate assumes that in fiscal year 2007 other revenues and balances in the Waste Management Account No. 549 will cover the portion of costs not available for transfer from the PST Remediation Account No. 655, and in fiscal years 2008-10, all administrative costs of the program would be paid from fund balances and revenues to the Waste Management Account No. 549

Under current law, the number of FTEs required to operate the PST reimbursement program would begin to decline significantly in fiscal year 2007. Because the bill would continue the PST program, this estimate assumes that that decline would not occur, and that a significant number of FTEs would be required to operate the program through fiscal year 2010, as indicated in the table above.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, ZS, TL