

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 18, 2005

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

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

IN RE: HB2432 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 HB2432, 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	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>New General Revenue Dedicated-Water Well Plugging</i>	Probable Revenue Gain/ (Loss) from <i>New General Revenue Dedicated-Water Well Plugging</i>	Change in Number of State Employees from FY 2003
2006	(\$426,608)	\$426,608	3.0
2007	(\$1,171,508)	\$1,171,508	3.0
2008	(\$1,171,508)	\$1,171,508	3.0
2009	(\$917,758)	\$917,758	3.0
2010	(\$917,758)	\$917,758	3.0

Fiscal Analysis

The bill would 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 (TDLR) would set the fee by rule. The bill would limit administrative costs associated with the program to no more than 20 percent of the fee revenue.

The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds

consolidation review by the current Legislature.

The bill would take effect immediately upon enactment if it receives a two-thirds majority vote in both houses of the Legislature. Otherwise, it would take effect September 1, 2005.

Methodology

TDLR indicates the need for three additional full-time equivalents (FTEs). One Natural Resource Specialist IV (at \$45,312 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 \$35,424 per year) would be needed to process quarterly payments from water well drillers. One Administrative Technician III (at \$31,356 per year) would be needed to issue and mail quarterly bills to water well drillers. Total costs associated with the three FTEs would be \$171,028 in fiscal year 2006 and \$152,928 in each following fiscal year.

TDLR estimates \$255,580 in fiscal year 2006, \$1,018,580 in fiscal years 2007 and 2008, and \$764,830 in fiscal years 2009 and 2010 would be needed to cover costs associated with plugging abandoned or deteriorated wells. TDLR, with the assistance of Ground Water Districts, would plug 100 wells in fiscal year 2006, 400 wells in fiscal years 2007 and 2008, and 300 wells in fiscal years 2009 and 2010.

It is assumed that TDLR 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 FTEs totaling \$7,000 in fiscal year 2006. Also, approximately 18,000 water well reports would need to be imaged at a cost of \$1,080 each year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 455 Railroad Commission, 304 Comptroller of Public Accounts

LBB Staff: JOB, WK, MW, RR, KJG, CL, RT, RB