

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 5, 2005

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

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

IN RE: SB1667 by Duncan (Relating to transferring certain responsibilities of the Department of State Health Services concerning radioactive materials to the Texas Commission on Environmental Quality; imposing fees and surcharges.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1667, As Introduced: a positive impact of \$6,176,689 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	(\$422,700)
2007	\$6,599,389
2008	\$6,599,390
2009	(\$328,950)
2010	(\$328,950)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	\$0	(\$422,700)	4.5
2007	\$6,928,339	(\$328,950)	4.5
2008	\$6,928,340	(\$328,950)	4.5
2009	\$0	(\$328,950)	4.5
2010	\$0	(\$328,950)	4.5

Fiscal Analysis

The bill would transfer responsibilities for regulating radioactive materials and sources of radiation from the Department of State Health Services (DSHS) to the Texas Commission on Environmental Quality (TCEQ). The bill also would provide for the imposition of a fee on the gross receipts of license holders and a surcharge on deliveries of radioactive substances. The new fees would be set by the TCEQ and deposited to the credit of the General Revenue Fund.

Methodology

This estimate assumes that appropriations currently made to the DSHS in the amount of \$549,979 each fiscal year and 8 FTEs would transfer from the DSHS to the TCEQ. In addition, this estimate assumes that the TCEQ would require an additional 4.5 FTEs to assess and collect fees, conduct analysis and oversight of operational costs of fee payers for the related newly created fee and surcharges. These additional costs are expected to total \$422,700 in fiscal year 2006 and \$328,950 in subsequent years.

This estimate also assumes that revenues from license fees, currently collected by the DSHS would be collected instead by the TCEQ. No significant change to the license fee revenue stream is assumed in this estimate.

The new fee on gross receipts and surcharges created by the bill is expected to generate at least \$13.9 million in additional revenues to the state over the 2006-10 period. For the purposes of this estimate, one-half of that revenue stream is shown in fiscal year 2007 and the other half is shown in fiscal year 2008. No additional revenue is expected in fiscal year 2006 because it is assumed that it would take at least one year before licensing and fee structures would be in place. This estimate assumes that the U.S. Department of Energy (DOE) would send waste from the Fernald, Ohio nuclear weapon facility to a Texas facility and that the DOE would pay a gross receipts fee equal to the fee paid at the DOE's Nevada Test Site facility. Gross receipts fee revenues would total \$13,225,475, split evenly between fiscal year 2007 and fiscal year 2008. Also included are surcharges for the waste at a rate based on that levied by the disposal site in Barnwell, South Carolina. Surcharges are expected to generate \$631,204, also split evenly between fiscal year 2007 and fiscal year 2008.

This estimate does not include revenues from radioactive materials brought into Texas from sources other than the DOE site in Fernald, Ohio. If other radioactive materials would be brought into the state as a result of passage of the bill, the revenue gain could be considerably higher than the amounts presented in this estimate.

Local Government Impact

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

Source Agencies: 537 Department of State Health Services, 582 Commission on Environmental Quality

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