

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 26, 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 responsibilities of certain state agencies concerning radioactive substances; imposing fees and surcharges; providing administrative and civil penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1667, Committee Report 1st House, Substituted: a positive impact of \$43,029,894 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	(\$691,493)
2007	\$43,721,387
2008	\$61,615,837
2009	\$35,253,137
2010	\$35,253,137

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	(\$691,493)	7.5
2007	\$44,257,150	(\$535,763)	7.5
2008	\$62,151,600	(\$535,763)	7.5
2009	\$35,788,900	(\$535,763)	7.5
2010	\$35,788,900	(\$535,763)	7.5

Fiscal Analysis

The bill would transfer responsibilities for regulating certain radioactive substances from the Department of State Health Services (DSHS) to the Texas Commission on Environmental Quality (TCEQ) and transfer licensing and regulation of naturally-occurring radioactive material (NORM) from the DSHS to the Railroad Commission. 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 bill would provide that the TCEQ set the fees and that the TCEQ establish a threshold level measured in millicuries below which a surcharge would not be required to be paid. Above that threshold, the TCEQ would assess a surcharge of \$10 per millicurie. The bill would provide for the

proceeds of fees to be 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.

Designating the Railroad Commission as the agency responsible for licensing and regulating the possession, storage, processing, handling, and disposal of oil and gas NORM waste would result in the agency being required to process and maintain licenses and conduct additional investigations. This is expected to result in the need for 3.0 additional FTEs at the Railroad Commission and related costs of \$268,793 in fiscal year 2006 and \$206,813 in future years. This estimate assumes that those costs would be paid out of the General Revenue Fund.

The new fee on gross receipts and surcharges created by the bill is expected to generate a significant amount in additional revenues to the state over the 2007-10 period. This estimate assumes that no additional revenue would be collected 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 \$39,500,000, also split evenly between fiscal year 2007 and fiscal year 2008.

This estimate further assumes surcharges from the gradual replacement of the Barnwell, South Carolina facility, which is scheduled to discontinue collecting waste from other states in 2008. It is estimated that out of 447,400 total Curies taken by Barnwell on average annually, 3,579 Curies would be considered in excess of the threshold established by TCEQ, resulting in a revenue stream of \$35,788,900 starting in 2008. It is estimated that the revenue stream would be half of that number in 2007. 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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