LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: **HB147** by Phillips (Relating to the deferral of an administrative penalty imposed by the Texas Commission on Environmental Quality against certain utilities and districts.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to consider certain factors in determining whether deferral of an administrative penalty for a municipally owned utility that is under enforcement for a deficiency in the utility's facilities would be appropriate. Factors included would include the financial position of the entity and its ability to pay the costs of corrective action, the risks to public health and the environment of delay in addressing corrective action, any alternatives available to the entity for paying the costs of the penalty and corrective action, and the effect of the penalty payment on any other public health and safety services the entity provides. The TCEQ could require payment of any deferred penalty if the entity was not in compliance with a provision of its corrective action order.

Passage of the bill is not expected to result in any significant fiscal implications to the TCEQ. The TCEQ anticipates that all rulemaking and procedural changes could be accomplished using current agency resources. Any loss in revenues to the state resulting from penalty deferrals is not expected to be significant.

Local Government Impact

The bill could result in a positive fiscal impact to municipalities that would receive penalty deferrals as a result of the bill's passage. The amount a municipality might save would depend on the amount of the penalty and the portion that might be deferred.

Source Agencies: 582 Commission on Environmental Quality
LBB Staff: JOB, WK, TL