

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

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

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

IN RE: HB1391 by Turner (Relating to the authority to regulate certain water and sewage utilities to ensure public safety in residential areas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1391, As Introduced: a negative impact of (\$690,666) through the biennium ending August 31, 2009.

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
2008	(\$361,583)
2009	(\$329,083)
2010	(\$329,083)
2011	(\$329,083)
2012	(\$329,083)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	(\$361,583)	5.0
2009	(\$329,083)	5.0
2010	(\$329,083)	5.0
2011	(\$329,083)	5.0
2012	(\$329,083)	5.0

Fiscal Analysis

The bill would require that the regulatory authority for a retail public utility serving a residential area adopt public safety service standards, including standards for maintaining sufficient water pressure for service to fire hydrants. The bill would require that the Texas Commission on Environmental Quality (TCEQ) assess residential areas to ensure that the regulatory authority for the area has adopted standards as prescribed in the bill, and that all retail public utilities serving the residential area are complying with those standards. In addition the bill would direct the TCEQ to require a city acting as a regulatory authority to make appropriate revisions to the city's safety standards if the commission determines that the standards are inadequate. Finally, the bill would direct the TCEQ to require violators to comply within a reasonable time as established by the agency.

Methodology

Current state statutes and TCEQ rules only require public water systems to provide potable water for human use, and to maintain a minimum pressure of 35 pounds per square inch. According to the TCEQ, there currently are no fire flow requirements in agency statutes or rules. The bill would require regulatory authorities to adopt public safety standards which include maintaining sufficient water pressure for service to fire hydrants.

The TCEQ would require three additional engineers to review public water system designs for compliance with maintenance of sufficient water pressure to fire hydrants and to review rate applications and bond applications that may result from water systems paying for water improvements. In addition, the TCEQ would need two additional natural resource specialists to provide guidance and assistance to regulatory authority for compliance with the public safety standards. This estimate assumes that costs to implement the bill would be paid for using General Revenue Funds because the General Revenue-Dedicated Water Resource Management Account No. 153 is not expected to have sufficient revenue to cover additional expenditures during the 2008-09 biennium.

Local Government Impact

There would be no significant fiscal impact to a regulatory authority for a retail public utility to adopt or revise the required public safety standards.

Costs to public utilities or municipalities to comply with a public safety standard established by the commission would depend on the number and nature of the standards and the deadlines established.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, JB, TL, KJG