

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: HB3220 by Elkins (Relating to the environmental regulation and remediation of dry cleaning facilities.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3220, As Engrossed: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Dry Cleaning Facility Release Acct 5093
2008	\$361,000
2009	\$490,000
2010	\$499,000
2011	\$507,000
2012	\$516,000

Fiscal Analysis

The bill would authorize dry cleaner property owners who are responsible for remediation costs of contaminated sites to be beneficiaries of payments from the General Revenue-Dedicated Dry Cleaning Facility Release Account No. 5093 only if a dry cleaner property owner or preceding property owner has registered and paid fees to that account. Owners would be required to register by December 31, 2007, pay an annual registration fee, and if applicable, late fees. The bill also would increase the delivery fee for perchloroethylene from \$15 to \$20 per gallon and reduce the fee for other solvents from \$5 to \$3 per gallon. The bill would provide for annual registration fees to be divided into quarterly payments. In addition, the bill would require the Texas Commission on Environmental Quality (TCEQ) to refund registration fees paid back to dry cleaners that elected not to participate in the program to the extent that such registration fees exceed the amount due for a nonparticipating dry cleaning facility or drop station.

The bill would allow the TCEQ to impose a lien on the real property if an applicant does not pay a registration fee while corrective action is occurring. The amount of the lien would be the sum of the cost of the corrective action and fees due but not paid during the period of corrective action.

Methodology

Passage of the bill is expected to have a positive impact on the General Revenue Dedicated Dry Cleaning Facility Release Account No. 5093. The increased revenue for 2008 through 2012 in the table above was estimated by the Comptroller's Office based on data on the use of dry cleaning solvents.

Although the bill's passage could result in an increase in revenues associated with the registration requirements to participate in the fund benefits payments established in the bill, this estimate assumes that the number of new owners paying the annual registration fee of \$1,500 would not be significant because it is assumed that most dry cleaners wishing to participate in the program are already paying the registration fee of \$2,500 established in Health and Safety Code § 374.102.

Passage of the bill would result in increased administrative costs to the TCEQ due to the bill's provision for quarterly versus annual billing. Additional costs would be incurred because staff would have to confirm eligibility of preceding property owners that register with the Dry Cleaning Facility Release Account No. 5093. The agency also would need to modify its existing dry cleaner database. The agency's Remediation Division would experience an increase in workload due to the bill's provisions requiring liens to be imposed on property owners. Costs to the TCEQ associated with implementing the provisions of the bill are not expected to be significant and could be absorbed within the agency's existing appropriations from the Dry Cleaning Facility Release Account No. 5093.

Although the bill would require the TCEQ to issue refunds to dry cleaners who filed an option not to participate in the Dry Cleaning Facility Release Account No. 5093, the TCEQ does not anticipate that the issuance of such refunds would have a significant impact on the account.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts

LBB Staff: JOB, WK, JRO, ZS, TL