

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

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

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

IN RE: HB3554 by Isett, Carl (Relating to the program for the regulation and remediation of underground and aboveground storage tanks.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3554, Committee Report 2nd House, Substituted: a positive impact of \$3,174,000 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	\$1,503,000
2009	\$1,671,000
2010	\$637,000
2011	\$651,000
2012	\$54,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>PETRO STO TANK REMED ACCT 655</i>	Probable Revenue Gain/(Loss) from <i>HAZARDOUS/WASTE FEE ACCT 549</i>	Probable Savings/ (Cost) from <i>HAZARDOUS/WASTE FEE ACCT 549</i>	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>
2008	\$73,628,000	(\$3,227,000)	(\$596,132)	\$1,503,000
2009	\$81,880,000	(\$3,281,000)	(\$596,132)	\$1,671,000
2010	\$31,233,000	(\$3,284,000)	(\$596,132)	\$637,000
2011	\$31,913,000	(\$3,287,000)	(\$596,132)	\$651,000
2012	\$2,659,000	\$0	\$0	\$54,000

Fiscal Analysis

The bill would extend the operating period and funding for the Petroleum Storage Tank (PST) Remediation program as follows: the deadline for submission of site closure requests would be extended from September 1, 2007 to September 1, 2011; the deadline for reimbursements for corrective actions would be extended from August 31, 2007 to August 31, 2011; the deadline for placing sites in the state lead program would be extended from July 1, 2007 to July 1, 2011; the deadline for submitting reimbursement claims would be extended from March 1, 2008 to March 1, 2012. In addition, the bill would extend the petroleum products delivery fee deposited to the credit of the General Revenue-Dedicated PST Remediation Account No. 655 through August 31, 2009. The fee would be extended through August 31, 2011 at a rate equal to one-third the current rate.

The bill would eliminate tank registration fees deposited to the General Revenue-Dedicated Waste Management Account beginning in fiscal year 2008. The Texas Commission on Environmental Quality could reinstate the registration fee if the petroleum products delivery fee is discontinued. The bill also would expand the use of funds in the PST Account to include regulatory activities.

Methodology

Under current law, the petroleum products delivery fee is set to expire on August 31, 2007. Based on current revenue streams, the Comptroller of Public Accounts projects that extending the petroleum products delivery fee at the current rate would result in additional revenues to the PST Remediation Account No. 655 of \$73.6 million in fiscal year 2008 and \$81.9 million in fiscal year 2009. In fiscal years 2010 and 2011, approximately \$31 million in additional annual revenues is projected. The table above also shows a projected gain to the General Revenue Fund because the Comptroller is authorized to retain a service fee.

Because the bill would extend the PST Reimbursement program, this estimate assumes that sites that would have otherwise been cleaned up through the state lead program would instead revert to the reimbursement program; therefore, this estimate assumes no change in the level of expenditures out of the PST Remediation Account No. 655. However, extension of the PST Reimbursement program would result in increased FTE-related costs to the TCEQ for processing reimbursement claims. The agency would require an additional 7 FTEs and \$596,132 in fiscal years 2008 through 2011, as compared to requirements under current law, which sunsets the reimbursement program; however, these additional FTEs are not shown in the table above because they are FTEs that exist in fiscal year 2007 but would be eliminated in 2008 absent the extension of the program proposed by the bill. This estimate assumes the FTE-related costs would be paid out of the General Revenue-Dedicated Waste Management Account No. 549.

Because the bill eliminates tank registration fees deposited to the General Revenue-Dedicated Waste Management Account No. 549. Based on the revenue stream currently associated with tank registration fees, it is estimated that this loss would total \$3.2 million to \$3.3 million per fiscal year, as shown in the table above. This estimate assumes that the TCEQ would use fund balances in the Waste Management Account No. 549 (estimated to be \$25.6 million on August 31, 2009) to support petroleum storage tank regulation activities because the tank registration revenue stream would no longer be available. In fiscal year 2012, the TCEQ would be authorized to reinstate the registration fee because the petroleum products delivery fee will have expired. This estimate assumes that the agency would reinstate the fee at a rate sufficient to collect an amount of revenue equal to the revenue collected in fiscal year 2007; thus, no revenue loss to the Waste Management Account No. 549 is expected that year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, WK, ZS, TL