

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

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

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

IN RE: HB3769 by Puente (Relating to the eligibility of an employee of a political subdivision of this state to be a member of the governing body of certain state agencies.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would allow an employee of a political subdivision to be a member of the Texas Commission on Environmental Quality (TCEQ) or the Water Development Board. Specifically, the bill would create an exception to the current law that prohibits a person from being a Commissioner or Board member if the person or the person's spouse is employed by or participates in the management of a an entity regulated by the respective agency or receiving money from the respective agency. Under current law, a person may not be a Commissioner or Board member if the person or the person's spouse is (1) employed by or participates in the management of or (2)owns or controls (directly or indirectly) more than 10% interest in a "business entity or other organization" regulated by the respective agency. The bill would exempt political subdivisions employees from this restriction, thus allowing a person to serve on the TCEQ or Water Development Board even though the person or their spouse might hold a position in a political subdivision.

Although passage of the bill would not have any immediate fiscal impact, the TCEQ reports that the proposed changes could be viewed as contrary to the Federal National Pollutant Discharge Elimination System (NPDES) requirements for maintaining delegation authority from the US Environmental Protection Agency (EPA). The TCEQ reports that current state laws have been approved by the EPA and meet federal requirements concerning who may serve on a board that issues NPDES permits. If the EPA were to determine that state laws do not meet federal criteria, TCEQ's delegated authority to implement the federal Clean Water Act could be lost. Loss of delegated authority would result in losing federal grant monies currently used to administer the state's water programs. The TCEQ reports that Federal Funds for NPDES funding is expected to total \$5.0 million in fiscal year 2008 and \$3.0 million in fiscal year 2009.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality, 580 Water Development Board

LBB Staff: JOB, WK, ZS, TL