

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 2, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

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

**IN RE: HB3769** by Puente (Relating to the definition of business entity or other organization.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would exclude political subdivisions from the term "business entity or other organization" in Water Code, Chapters 5 and 6, which relates to who can serve on the Texas Commission on Environmental Quality (TCEQ) and the Water Development Board. 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 TCEQ. The bill would exempt political subdivisions from being considered a "business entity or other organization" for purposes of determining eligibility, thus allowing a person to serve on the TCEQ or Water Development Board even though the person or their spouse might be in an official 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:** 580 Water Development Board, 582 Commission on Environmental Quality

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