

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

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

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

IN RE: SB1604 by Duncan (Relating to responsibilities of certain state agencies concerning radioactive substances; imposing fees and surcharges; providing administrative and civil penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1604, Committee Report 1st House, Substituted: a positive impact of \$3,686,994 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	\$3,686,994
2010	\$3,686,994
2011	\$380,625
2012	\$380,625

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>HAZARDOUS/WASTE FEE ACCT 549</i>	Probable Revenue Gain/(Loss) from <i>HAZARDOUS/WASTE FEE ACCT 549</i>	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2007
2008	(\$533,601)	\$533,601	\$0	4.0
2009	(\$522,941)	\$522,941	\$3,686,994	4.0
2010	(\$522,941)	\$522,941	\$3,686,994	4.0
2011	(\$522,941)	\$522,941	\$380,625	4.0
2012	(\$522,941)	\$522,941	\$380,625	4.0

Fiscal Analysis

The bill would amend the Health and Safety Code and the Water Code as it relates to the responsibilities of certain state agencies concerning radioactive substances and provides for administrative and civil penalties and imposes fees and surcharges.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to regulate and license: 1) the disposal of radioactive substances; 2) the processing or storage of low-level radioactive waste or naturally occurring radioactive material waste received from other persons, except oil and gas NORM; 3) the recovery or processing of source material in accordance with Subchapter G; 4) the

processing of by-product material as defined by Section 401.003(3)(B); and 5) sites for the disposal of low-level radioactive waste, by-product material, or naturally occurring radioactive material waste.

Section 22 of the bill would also require a holder of a license issued by TCEQ under the provisions of the bill that authorizes the disposal of a radioactive substance from other persons to remit each quarter an amount equal to 10 percent of the license holder's gross receipts received from disposal operations that occur after the effective date of the Act. Five percent would be remitted to the comptroller for deposit into the General Revenue Fund and five percent would be remitted to the host county. It would not apply to compact waste or federal facility waste as defined by Section 401.2005 or industrial solid waste as defined by Section 361.003. The bill would allow TCEQ to audit a license holder's financial records and waste manifest information to ensure that the fees imposed are accurately paid.

Section 32 of the bill would allow TCEQ to issue injection well permits for uranium mining. Permits issued after September 1, 2007 would have a ten-year term. Permits issued before September 1, 2007 would have to be resubmitted before September 1, 2012 for renewal. Permits granted before September 1, 2007 and not submitted for renewal would expire September 1, 2012.

The bill would transfer from the Department of State Health Services (DSHS) to TCEQ all rights, powers, duties, obligations, functions, and activities assigned by Chapter 401 of the Health and Safety Code related to oversight of radioactive substances, all equipment, information, documents, facilities and other properties of DSHS, and all related appropriations made to DSHS for the 2008-09 biennium.

The bill would take effect immediately if it received a vote of two-thirds of all the members elected to each house. If the bill does not receive the vote necessary for immediate effect, the bill would take effect the 91st day after the last day of the legislative session.

Methodology

TCEQ estimates that 15 FTEs would be needed to implement the provisions of the bill. This cost estimates assumes that 11 of the FTES would be transferred from the Department of State Health Services (DSHS). The estimated amount of funds for these 11 FTEs that would be transferred from DSHS to TCEQ is \$988,771 in FY08 and \$897,931 in each subsequent fiscal year.

The remaining 4 FTES would be new FTEs. The cost associated with these 4 FTES would be \$317,101 in FY08 and \$310,441 in each subsequent fiscal year. These costs include salaries, benefits, travel, training, and other associated costs.

Additionally, TCEQ estimates that an additional \$216,500 in FY08 and \$212,500 in each subsequent fiscal year would be needed primarily for professional services of geologist and hydrologists, lab costs, and safety and sampling equipment. The total cost would be \$533,601 in FY08 and \$522,941 in each subsequent fiscal year. This cost estimates assumes that all TCEQ costs would be paid out of the GR-Dedicated Waste Management Account No. 549.

It is assumed that TCEQ would adjust fees to cover the additional costs associated with implementing the provisions of the bill. However, the funding and FTE authority would have to be appropriated to TCEQ.

The new fee on gross receipts and surcharges created by this bill is expected to generate \$5,899,190 in FY09, \$5,899,190 in FY10, \$609,000 in FY11, and \$609,000 in FY12. No additional revenue is expected in FY08 because it is assumed that it would take at least one year before licensing and fee structures would be in place. These revenue estimates assume that the U.S. Department of Energy (DOE) would send waste from the Fernald, Ohio nuclear weapon facility to a Texas facility and that the DOE would pay a gross receipts fee equal to the fee paid at the DOE's Nevada Test Site facility. It also assumes that fees from the gradual replacement of the Barnwell, South Carolina facility, which is scheduled to discontinue collecting waste from other states in 2008.

Technology

Its is estimated that the four FTEs would need computers at a cost of \$4,000 in FY08.

Local Government Impact

Five percent of the gross receipts from the disposal of radioactive substances would be remitted to the host county of a radioactive waste disposal facility. The local impact would depend on the total amount of gross receipts. However, it is estimated that the host county of the radioactive waste disposal site could receive revenues at \$3.7 million per fiscal year in FY08 and FY09 and revenues of \$380,625 in FY10 and FY11.

Source Agencies: 582 Commission on Environmental Quality, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 455 Railroad Commission, 529 Health and Human Services Commission, 537 State Health Services, Department of

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