

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

TO: Honorable Byron Cook, Chair, House Committee on Environmental Regulation

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

IN RE: HB2704 by Olivo (Relating to the term of a municipal solid waste permit issued by the Texas Commission on Environmental Quality.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2704, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Waste Management Acct</i> 549	Probable Revenue Gain/(Loss) from <i>Waste Management Acct</i> 549
2010	\$0	\$0
2011	(\$779,174)	\$779,174
2012	(\$720,674)	\$720,674
2013	(\$720,674)	\$720,674
2014	(\$720,674)	\$720,674

Fiscal Year	Change in Number of State Employees from FY 2009
2010	0.0
2011	9.0
2012	9.0
2013	9.0
2014	9.0

Fiscal Analysis

The bill would establish a permit term not to exceed ten years for municipal solid waste (MSW)

permits and allow for renewals of these permits. The bill would require the Texas Commission on Environmental Quality (TCEQ) to adopt procedures and a schedule as soon as practicable for the renewal of MSW permits issued before the effective date of the bill (September 1, 2009). The bill would allow the TCEQ to implement the schedule over any period of time necessary for purposes of administrative feasibility and effectiveness.

Methodology

Under current law, MSW permits do not have term limits. Instead, MSW permits are re-analyzed when a major amendment is submitted. Establishing a permit term of ten years would increase the number of waste permit application reviews conducted by the TCEQ. The number of current MSW permits is approximately 315, and agency staff complete approximately 12 application reviews per year. On a ten year cycle, staff expects the number of reviews to increase from 12 to 43 application reviews per year starting in fiscal year 2011. Rulemaking and communication with permit holders would occur in fiscal year 2010.

To complete 31 more application permit reviews per year and avoid a backlog in permitting, and assuming the agency would begin full implementation of the bill's provisions starting in fiscal year 2011 because of the bill's provision for administrative feasibility, the TCEQ reports that it would need 9.0 additional FTEs starting in fiscal year 2011. Increased costs out of the General Revenue Dedicated Waste Management Account No. 549 are estimated to be \$779,174 in fiscal year 2011 and \$720,674 each year thereafter.

Because the TCEQ has authority to set MSW permit fees, this estimate assumes that the TCEQ would increase fee rates to a level sufficient to cover the increased costs that the agency would incur as a result of the bill's passage. Thus, increased revenues to the Waste Management Account No. 549 are also shown in the table above.

Local Government Impact

The TCEQ estimates that local governments that own or operate a MSW permitted facility could incur additional costs of approximately \$250,000 to \$1 million every ten years to complete and submit a permit renewal application. In addition, local governments could see the cost of the permit application fee rise to cover TCEQ's increased costs in reviewing permits. Also, if an application would be contested, a local government could incur additional costs.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, ZS, TL