

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 8, 2009**

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

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

**IN RE: SB2316** by Averitt (Relating to the annual water quality fee for wastewater discharge permit holders and water right users through permit or contract.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2316, 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 Revenue Gain from <i>Water Resource Management</i> 153	Probable Savings/(Cost) from <i>All Local Units of Government</i>
2010	\$4,500,000	(\$2,400,000)
2011	\$4,500,000	(\$2,400,000)
2012	\$4,500,000	(\$2,400,000)
2013	\$4,500,000	(\$2,400,000)
2014	\$4,500,000	(\$2,400,000)

**Fiscal Analysis**

The bill would to increase the maximum annual fee assessed by the Texas Commission on Environmental Quality (TCEQ) for a waste water discharge or waste treatment facility, a waste treatment facility holding a water right for use by the facility, and a water rights holder from the current maximum of \$75,000 to \$200,000 for each permit or contract.

**Methodology**

The TCEQ administers two fees that would be affected by the bill: the Consolidated Water Quality Fee and the Water Use Assessment Fee. Fee revenue from both sources is deposited into the General Revenue-Dedicated Water Resource Management Account No. 153. Rates for the Consolidated Water Quality Fee are based on factors set forth in agency rules and currently there are 65 permits out of

approximately 3,300 permits that are assessed the maximum fee of \$75,000.

This estimate assumes that the TCEQ would continue to assess the Consolidated Water Quality Fee on fee variables set in current agency rules. Therefore, even though the bill would allow the agency to charge a larger maximum fee, it is not expected that all 65 permit holders would be charged the \$200,000 fee maximum authorized by the bill. Under current TCEQ rules, 22 permits would be assessed the maximum rate of \$200,000 and 43 others would be assessed a rate between the existing \$75,000 and the proposed maximum of \$200,000. Based on this methodology, the TCEQ estimates that an additional \$4.5 million in revenue deposited to the Water Resource Management Account No. 153 will be generated annually as a result of the bill's passage.

The bill does authorize the use of a \$200,000 fee maximum for the Water Use Assessment Fee, but this estimate does not assume that any Water Use Assessment Fee permits will be set at the bill's maximum rate.

### **Local Government Impact**

The TCEQ reports that 36 local governments will experience a fee increase for the Consolidated Water Quality Fee, and the statewide cost increases for local governments is expected to be an estimated \$2.4 million per year. This estimate assumes that 12 local governments will pay the bill's maximum rate of \$200,000, and 24 permits held by other local governments will see a fee increase between the existing \$75,000 maximum and the proposed \$200,000 maximum.

**Source Agencies:** 580 Water Development Board, 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

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