

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 29, 2011**

**TO:** Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

**IN RE: HB2963** by Crossover (Relating to permit review timelines of the surface mining and reclamation division of the Railroad Commission of Texas.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2963, As Introduced: a negative impact of (\$862,624) through the biennium ending August 31, 2013.

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
2012	(\$488,912)
2013	(\$373,712)
2014	(\$373,712)
2015	(\$373,712)
2016	(\$373,712)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	(\$488,912)	5.0
2013	(\$373,712)	5.0
2014	(\$373,712)	5.0
2015	(\$373,712)	5.0
2016	(\$373,712)	5.0

**Fiscal Analysis**

The bill would establish deadlines and procedures for Railroad Commission staff in reviewing surface mining permit, revision, and renewal applications. Under the proposed timeframes, within one week of the receipt of an application for a new surface coal mine permit or the renewal of such a permit, the executive director of the Railroad Commission would have to determine the application's administrative completeness. Within 120 days of receipt of an administratively complete application for a new permit or significant permit revision (or within 60 days for a renewal application), the executive director would be required to file documentation of its technical analysis with the Railroad Commission's office of general counsel and contact the applicant to schedule a meeting to discuss the technical analysis review findings.

## **Methodology**

The Railroad Commission reports that the timelines established in the bill are currently part of the agency's internal policy. However, about 40 percent of the non-significant revision timelines are not met and 100 percent of the new permit, renewal and significant revision application timelines are not met. The Railroad Commission attributes the failure to meet deadlines to a shortage of staff in the Surface Mining Division and technically inadequate application documents.

To meet the statutory deadlines that would be established in the bill, it is estimated that the Railroad Commission would need 5.0 additional FTEs to review coal mining permit, renewal and revision applications in addition to the 18 individuals currently reviewing such applications. Costs for such additional FTEs and one-time technology update costs would range from \$488,912 in fiscal year 2012 to \$373,712 in future years and be paid out of the General Revenue Fund.

## **Technology**

The Railroad Commission's current surface mining permitting system would need to be re-written in a supported technology platform to archive the deadlines mandated by the bill, which would require the use of contract programming services. It is estimated that these modifications will require 1,536 programming hours at the contractual rate of \$75 per hour for a total cost of \$115,200 in fiscal year 2012.

## **Local Government Impact**

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

**Source Agencies:** 455 Railroad Commission

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