

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 9, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: SB160 by Williams (relating to the regulation of certain aggregate production operations by the Texas Commission on Environmental Quality; providing penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB160, Committee Report 1st House, Substituted: an impact of \$0 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 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |
| 2015 | \$0 |
| 2016 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>Water Resource Management</i> 153 | Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153 |
|-------------|---|--|
| 2012 | (\$368,349) | \$330,000 |
| 2013 | (\$291,049) | \$330,000 |
| 2014 | (\$291,049) | \$330,000 |
| 2015 | (\$291,049) | \$330,000 |
| 2016 | (\$291,049) | \$330,000 |

| Fiscal Year | Change in Number of State Employees from FY 2011 |
|-------------|---|
| 2012 | 4.0 |
| 2013 | 4.0 |
| 2014 | 4.0 |
| 2015 | 4.0 |
| 2016 | 4.0 |

Fiscal Analysis

The bill would create a new registration and inspection program for active aggregate production operations and give the Texas Commission on Environmental Quality (TCEQ) the responsibility to administer the program. The TCEQ would be required to survey the state on an annual basis for active aggregate production facilities, process registrations every year, and inspect aggregate production operations every three years. The agency would establish registration fees in an amount to maintain the registration and inspection program, not to exceed \$1,000, and assess the prescribed penalties if aggregate operations fail to register. Registration fees would be deposited into the General Revenue-Dedicated Water Resource Management Account No. 153 to be used only to implement the registration and inspection program. Inspections would not start until September 1, 2015 if a facility submits a notice of intent to conduct a compliance audit when it registers with the agency. A facility would be required to register on September 1, 2012. The bill would also require the agency to provide information on the program in the annual enforcement report.

Methodology

It is estimated that the TCEQ would need 4.0 additional FTEs (Environmental Investigators) to conduct the investigations required by the legislation. This estimate assumes that there would be 600 active aggregate production operations statewide and that the agency would set the fee at a level sufficient to cover estimated expenses, or at about \$550 per permit. This estimate assumes that the TCEQ would conduct investigations at 200 sites per year. There would also be costs to make changes to the agency's existing data systems for billing, fee collection, investigation, and enforcement activity. First year start-up costs are estimated at \$77,301.

Local Government Impact

Because the bill would exempt from its provisions a temporary site that is being used solely to provide aggregate products for use in a public works project for a local governmental entity, no significant fiscal implications to local governments are anticipated.

Source Agencies: 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts

LBB Staff: JOB, TL, SZ, ZS