

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 21, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1794 by Geren (Relating to suits brought by local governments for violations of certain laws under the jurisdiction of, or rules adopted or orders or permits issued by, the Texas Commission on Environmental Quality; affecting civil penalties.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined. The bill could result in an increase in civil penalty revenues to the state and a corresponding decrease in civil penalty collections by local governments; however, the amount of civil penalties that will be assessed can not be determined.

The bill would stipulate that for violations of Water Code, Chapter 28, and Health and Safety Code, Chapter 401, the first \$4.3 million of an amount recovered shall be divided equally between the state and local government that brought the lawsuit. Any amount in excess of \$4.3 million would be awarded to the state. The bill would also prescribe certain factors to be considered in determining the amount of a civil penalty in a suit brought by a local governments relating to a permit issued by the Texas Commission on Environmental Quality (TCEQ), and it would require that a local government would bring forth a lawsuit under certain time limitations.

The bill would limit the amount that a local government can receive from certain lawsuits to one-half of \$4.3 million or \$2,150,000 per lawsuit. Under current law, the state and local government share equally in such lawsuit awards. Upon enactment of the bill, in the case of a lawsuit with an award in excess of \$4.3 million, the state would receive additional revenues, while a local government would receive less revenue. Because there is no way to determine the amount of lawsuit awards that would be affected by the bill's provisions, the fiscal impact cannot be estimated.

No significant fiscal implications to the TCEQ are expected as a result of the bill's passage.

The bill would take effect September 1, 2015.

Local Government Impact

There may be an impact to local governments resulting from civil penalties, however, as the number of cases and associated penalties awarded are unknown, their fiscal impacts cannot be determined.

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

LBB Staff: UP, SD, TL, SZ, MW, KVe