

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 23, 2015**

**TO:** Honorable Geanie Morrison, Chair, House Committee on Environmental Regulation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2763** by Thompson, Ed (Relating to a study of economically recyclable materials, economic impacts to the state and local governments of existing and increased recycling, the development of new markets for recycled materials and any infrastructure needs, and the potential to increase state revenues.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2763, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Waste Management Acct 549</b>
2016	(\$886,339)
2017	(\$82,139)
2018	\$0
2019	\$0
2020	\$0

## **Fiscal Analysis**

The bill would require the Texas Commission on Environmental Quality (TCEQ) to establish an advisory committee to conduct a recycling study. The bill would require the study to quantify the amount of materials currently being recycled, economic impacts including lost state and local revenues from the materials that are not being recycled, and to identify ways to develop new markets to increase recycling. The bill would specifically require the study to: assess current recycling efforts and identify ways in which the private and public sectors can improve and increase those efforts; identify new markets and business that may be available from existing and increased recycling of materials; investigate available and new funding for efforts that are identified; and assess current associated jobs and additional job creation opportunities with existing and increased recycling and assess rural infrastructure needs and development opportunities.

The bill requires the advisory committee to prepare a written report on the results of the study, and submit the report to the TCEQ for inclusion into the Municipal Solid Waste Annual Summary Report.

The bill would become effective immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect on September 1, 2015. The bill's provisions would expire on August 31, 2017.

## **Methodology**

TCEQ reports that the agency would need additional funding and authorization to coordinate the efforts of the committee, including conducting research or other follow-up work requested by the committee; coordinating with any external contractor; and facilitating the production and distribution of the required reports. To complete the study, the agency would need to contract with an external group who could effectively research the items required by the bill. The agency reports that the study that would be required by the bill goes beyond the areas of expertise of agency staff. Based on the costs of recently completed studies, the cost of the study is estimated at \$800,000, which is expected to be done through a two-year contract with an outside vendor, with additional costs to the agency to manage and coordinate the contract and committee are estimated at \$86,339 in fiscal year 2016 and \$82,139 in fiscal year 2017. This estimate assumes that these costs would be paid out of the General Revenue-Dedicated Waste Management Account No. 549.

TCEQ based its cost estimates for implementing the bill on previous experience with recycling market development studies conducted by the Texas General Land Office in 1992, research on similar studies conducted by other states, and the cost of the Texas Recycling Data Initiative study.

## **Local Government Impact**

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

**Source Agencies:** 582 Commission on Environmental Quality

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