

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 13, 2017

TO: Honorable Joseph Pickett, Chair, House Committee on Environmental Regulation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB484** by Springer (Relating to training required to qualify for or renew a license issued by the Texas Commission on Environmental Quality.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB484, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from Occupational Licensing 468	Probable Revenue Gain from Occupational Licensing 468	Change in Number of State Employees from FY 2017
2018	(\$3,235,022)	\$3,235,022	4.0
2019	(\$3,178,222)	\$3,178,222	4.0
2020	(\$3,078,222)	\$3,078,222	4.0
2021	(\$3,078,222)	\$3,078,222	4.0
2022	(\$3,078,222)	\$3,078,222	4.0

Fiscal Analysis

The bill would amend the Water Code to require the Texas Commission on Environmental Quality (TCEQ) to provide: (1) a location for occupational licensing trainings to qualify or renew an occupational license within 100 miles of the place of employment of a person required to receive that training; (2) reimbursements for travel and lodging expenses incurred by attending a training if the training is not provided as described in part (1); or (3) online training.

The bill would take effect September 1, 2017.

Methodology

TCEQ's estimated number of licensed individuals that would be eligible for reimbursement under the provisions of the bill is based on the assumptions that the places of employment for licensees living in rural areas would be more than 100 miles away from training locations; that the percentage of licensees who live in rural areas would be proportional to the population of Texas residing in rural areas based on the 2010 census of 15.3%; a person's home address would serve as an adequate proxy for place of employment; and that available online training would not prevent eligible licensed individuals from traveling for training and receiving reimbursements. TCEQ does not currently collect the place of employment from licensed individuals and it does not have the statutory authority to require contractors to provide online training.

According to TCEQ, an estimated average of 19,205 individuals receive environmental occupational licenses each fiscal year, with 13,100 individuals renewing their existing licenses and 6,105 individuals obtaining new licenses each year. This estimate was produced by averaging the last 3 fiscal years of licensing data and does not account for an increase in license applications due to demographic growth and other factors. TCEQ reports that the number of licensees can vary widely from year to year and that it is unable to forecast future increases in licensed individuals with certainty.

Based on TCEQ's analysis, it is assumed that 2,938 licensees live in rural areas and would be eligible for reimbursement for travel (15.3% of 19,205). Of these licensees, 2,004 would be estimated to renew their existing licenses (15.3% of 13,100) and 934 would be estimated to obtain a new license (15.3% of 6,105). TCEQ assumes reimbursements would be based on a single travel event per rural individual per license type.

Absent specific reimbursement guidelines in the bill, TCEQ estimated travel costs based on a travel distance of 150 miles one way, or a 300 mile round trip using the federal mileage rate of \$0.535 per mile. In addition, TCEQ's analysis included state travel rates of \$152 per night including state and local hotel occupancy taxes and meal per diem amounts of \$51 per day. Costs for airfare or car rental were not included in estimates.

To obtain a new license, the average number of training credit hours required is 40 hours. TCEQ estimates 5 nights of hotel stay and 6 days of meal per diem would be necessary for the training. Based on travel cost assumptions, the total maximum reimbursement cost for a person obtaining a new license would be \$1,226.50. Using the estimate of 934 licensees per year obtaining a new license would result in a total cost of \$1,145,551 (934 x \$1,226.50).

To renew an existing license, the number of required training credit hours ranges between 16 and 30 hours. This estimate assumed an average of 24 credit hours required, which translates to 3 nights of hotels stay and 4 days of meal per diem. The total estimated reimbursement cost for a person renewing a license would be \$820.50. Using the estimate of 2,004 licensees per year

renewing a license would result in a total cost of \$1,644,282 (2,004 x \$820.50).

The total cost of travel reimbursement is estimated to be \$2,789,833 each year (\$1,145,551 + \$1,644,282).

The bill would also require TCEQ to make changes to the Occupational Licensing data systems, including the Compliance and Enforcement Data System (CCEDS) licensing components and the Central Registry Principal Code. It is estimated that this work would cost \$140,000 in fiscal year 2018 and \$100,000 in fiscal year 2019 for a total biennial cost of \$240,000, and would take 7 months to complete.

According to TCEQ, 4.0 additional FTEs would be required in order to receive, verify, and provide travel reimbursements including a budget analyst, a licensing and permit specialist, an accountant, and an administrative assistant. Funding for these FTEs would total \$445,189 in fiscal year 2018, \$388,389 in fiscal year 2019, and \$288,389 in subsequent fiscal years.

This analysis assumes that TCEQ, which is statutorily required to collect fees to cover the cost of administering and enforcing this chapter and licenses and registrations issued under this chapter, will raise fees sufficient to cover the costs of implementing the provisions of this bill.

Technology

The bill would require TCEQ to make changes to the Occupational Licensing data systems, including the Compliance and Enforcement Data System (CCEDS) licensing components and the Central Registry Principal Code. This work is estimated to cost \$140,000 in fiscal year 2018 and \$100,000 in fiscal year 2019 for a total biennial cost of \$240,000, and would take 7 months to complete.

Local Government Impact

TCEQ estimates that there may be reductions in costs associated with training for local governments that could qualify for reimbursement. However, if TCEQ increases license fees to cover the costs of implementing provisions of the bill, local governmental entities could experience increasing costs.

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

LBB Staff: UP, SZ, MW, MSO