

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3200 by Murr (Relating to the regulation of certain aggregate production operations by the Texas Commission on Environmental Quality; authorizing an increase in the amount of a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3200, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

The bill would have a positive, but indeterminate, fiscal impact to the General Revenue-Dedicated Water Resource Management Account No. 153 due to the \$400 increase in certain application fees; however, the increase cannot be determined because the number of applications that would be subject to the increased fee is unknown.

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 <i>Water Resource Management</i> 153	Change in Number of State Employees from FY 2017
2018	(\$591,405)	7.0
2019	(\$552,405)	7.0
2020	(\$552,405)	7.0
2021	(\$552,405)	7.0
2022	(\$552,405)	7.0

Fiscal Analysis

The bill would amend Texas Water Code, Chapter 28A by adding a subchapter on reclamation for aggregate production operations. Applications for aggregate production operations that are required to be registered on or after January 1, 2016, that occupy at least 10 acres, and are located inside the boundaries or extraterritorial jurisdiction of a municipality would be required to include a reclamation plan that complies with certain requirements set out in the bill, be accompanied by a performance bond, and be accompanied by a fee not to exceed \$1,400. Current law caps this fee at \$1,000. TCEQ would be allowed to periodically inspect an aggregate production operation after extraction activities ceased to verify that the operator's compliance with the requirements of the bill, and would be required to conduct an inspection after reclamation activities have been completed. Responsible parties would be allowed to submit a proposal to amend the reclamation plan if the reclamation activities conflicted with a potential reasonable future use of the aggregate production operation. The bill would require the acceptance of this amendment under certain conditions. The bill would take effect September 1, 2017.

Methodology

The bill would require that only applications for aggregate production operations located inside the boundaries or extraterritorial jurisdiction of a municipality that also occupy at least 10 acres would be subject to the provisions of the bill, including the increase in the application fee. TCEQ's analysis notes that 377 new aggregate production operations applications that are greater than 10 acres in size have been received since January 1, 2016; however, TCEQ does not currently track whether an operation is located within the boundaries or extraterritorial jurisdiction of a municipality. Therefore, the increase in revenue deposited to the General Revenue-Dedicated Water Resource Management Account No. 153 as a result of enactment of the bill is unknown.

TCEQ estimates that 5.0 additional FTEs would be required to conduct the technical review of the reclamation plans submitted by aggregate production operations; 1.0 additional FTE would be required to perform tasks related to the performance bonds in revenue operations; and 1.0 additional FTE would be required to conduct inspections on the completeness of the reclamation activities. TCEQ estimates that the cost of these FTEs would total \$591,405 in fiscal year 2018 and \$552,405 in future fiscal years.

Local Government Impact

TCEQ estimates that some costs would be incurred if a municipality were required to review and approve a proposal to amend a reclamation plan. This would involve conducting a public meeting prior to approval of the plan amendment, and notification of the responsible party and TCEQ if the amendment was approved.

According to the Texas Association of Counties, the fiscal impact to municipalities is not anticipated to be significant.

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

LBB Staff: UP, SZ, MW, MSO, JGA