

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 17, 2019**

**TO:** Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB907** by Huberty (Relating to the regulation of aggregate production operations by the Texas Commission on Environmental Quality; increasing a fee; increasing administrative penalties.), **Committee Report 2nd House, Substituted**

**The fiscal implications to the State cannot be determined because the number of violations that would occur under a higher maximum penalty and the penalty that would be assessed for individual violations under the new maximum is unknown.**

The bill would amend the Water Code to require the Texas Commission on Environmental Quality (TCEQ) to investigate aggregate production operations (APOs) every two years instead of every three years during the first six years in which the operation is registered and at least once every three years under circumstances described in the bill. The bill would allow TCEQ to conduct unannounced periodic inspections at APOs that were issued notices of violations during the preceding three-year period.

The bill would increase the maximum annual registration fee for APOs from \$1,000 to \$1,500 and would increase the maximum penalty assessed to an unregistered APO from \$10,000 to \$20,000 for each year that the APO operates without a registration. The bill would increase the maximum allowable total penalty for an APO enforcement case from \$25,000 to \$40,000. The amount of additional penalty revenue that would be deposited to the credit of the General Revenue Fund cannot be estimated at this time because the number of violations that would occur under a higher maximum penalty and the penalty that would be assessed for individual violations under the new maximum is unknown.

Based on information provided by the TCEQ, this estimate assumes that the additional costs identified by TCEQ as necessary to meet the anticipated increase in comprehensive compliance inspections under the provisions of the bill could be absorbed with available resources.

**Local Government Impact**

According to TCEQ, any local or governmental entities operating APOs, as defined by the Texas Water Code, would be subject to the increased inspections, registration fees, and penalties resulting from this bill. By statutory definition, APOs do not include "temporary sites that are being used solely to provide aggregate products for use in a public works project involving the Texas Department of Transportation or a local governmental entity.

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

**LBB Staff:** WP, GDz, SZ, MW