

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

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

**April 30, 2019**

**TO:** Honorable J. M. Lozano, Chair, House Committee on Environmental Regulation

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

**IN RE: HB2710** 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**

**The fiscal implications to the State cannot be determined because the number of aggregate production operations located within municipal jurisdictions that would be subject to the registration application fee increase established by the bill is unknown.**

The bill would amend the Water Code to require certain aggregate production operations (APO) that have registered with the Texas Commission on Environmental Quality (TCEQ) on or after January 1, 2016 and that occupy at least 10 acres within the boundaries or extraterritorial jurisdiction of a municipality to include a reclamation plan and performance bond of up to \$2,500 for each acre to be impacted by extraction activities with the initial registration application or the first renewal application filed after September 1, 2019. The bill would permit TCEQ to set a fee of up to \$1,400 for the initial or a renewed registration application that would apply to registrations submitted after January 1, 2016.

The bill permits TCEQ to conduct periodic inspections after extraction activities have ceased to verify compliance with the reclamation plan, requires TCEQ to inspect aggregate production operations after receiving notification by an operator that reclamation activities at the site have ceased to verify compliance with requirements under the provisions of the bill and the reclamation plan, and requires TCEQ to release any remaining part of the performance bond if the operator is in compliance.

The bill would take effect September 1, 2019

The registration fee for APO registration applications is deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. The bill would increase the maximum registration fee for these applications from \$1,000 to \$1,400 for registrations submitted after January 1, 2016, for sites greater than 10 acres that are also located within a municipal jurisdiction. According to the Comptroller of Public Accounts and TCEQ, the total revenue that would be generated from this fee increase cannot be estimated because the number of APOs located within municipal jurisdictions is unknown.

According to TCEQ, there were an average of 181 new APO applications for facilities greater than 10 acres in size processed annually each year between fiscal years 2014 and 2018, with 618 new APO applications for facilities since January 1, 2016. Based on this information and comparing

the obligations of APO registration under the provisions of the bill to similar work obligations for the issuance of annual industrial wastewater permits, this estimate assumes that the agency would need seven FTEs to meet the bill's obligations. This includes five Engineering Specialist IIIs (\$42,244 plus \$14,122 in benefits each) to review reclamation plans to determine compliance with the provisions of the bill and associated rules to be developed, one Financial Analyst I (\$45,158 plus \$15,096 in benefits) for tasks related to the performance bonds, and one Natural Resource Specialist II (\$36,976 plus \$12,361 in benefits) to conduct post-reclamation inspections.

This analysis also assumes an additional \$5,000 each year would be necessary for travel expenses and that \$63,630 in fiscal year 2020, \$64,960 in fiscal year 2021, \$66,360 in fiscal year 2022, \$67,795 in fiscal year 2023, and \$69,265 in fiscal year 2024 would be necessary for other operating and office related expenses.

Total estimated costs from the General Revenue-Dedicated Water Resource Management Account No. 151 necessary to implement the provisions of the bill include \$460,053 in fiscal year 2020; \$461,383 in fiscal year 2021; \$462,783 in fiscal year 2022; \$464,218 in fiscal year 2023; and \$465,688 in fiscal year 2024.

This estimate assumes that duties and responsibilities associated with implementing the remaining provisions in the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to TCEQ, a municipality may be required to review and approve a proposal to amend a reclamation plan. The municipality would be required to conduct a public meeting prior to approval of the plan amendment. If approved, the municipality would be required to notify the responsible party and the commission. These activities may result in costs to the municipality, which cannot be estimated.

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

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