LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 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: **HB3224** by Lozano (Relating to the creation of a defense under the Solid Waste Disposal Act for persons engaged in certain recycling transactions.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3224, As Introduced: an impact of $0 through the biennium ending August 31, 2021; however, there are costs associated with General Revenue-Dedicated Hazardous and Solid Waste Remediation Account No. 550 as listed below.

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
2020	$0
2021	$0
2022	$0
2023	$0
2024	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *Hazardous/Waste Remed Acc* 550
2020	($910,000)
2021	($910,000)
2022	($910,000)
2023	($910,000)
2024	($910,000)

Fiscal Analysis

The bill would amend the Health and Safety Code to add a recyclable material defense from liability provided that the person meets criteria established under 42 U.S.C. Section 9627 for certain transactions involving recyclable materials, including scrap paper, glass, textiles, plastics, metal, rubber (excluding whole tires) and spent batteries.

The bill would take effect September 1, 2017.

Methodology

The Texas Commission on Environmental Quality (TCEQ) recovers costs incurred by the state to remediate former recycling sites under the state Superfund program. These sites include sites proposed or listed on the state Superfund registry and sites at which immediate response actions are conducted. The bill would provide a defense to liability for entities that TCEQ labels as responsible parties, exempting some entities from being required to conduct or fund these cleanup activities.

TCEQ estimates that two current cleanup activities at a former metals recycling site and a former battery recycling site would be impacted by the bill. The potentially responsible parties that could fund or perform the cleanup, or are currently funding or performing the cleanup, would likely be exempted from liability under this bill. The former metals recycling site would require an estimated $2,000,000 to complete the cleanup activities. TCEQ has indicated that the cost of cleaning up the battery recycling site could range from $2,200,000 to $2,900,000. This estimate is based on an assessment of the site performed by TCEQ in fiscal year 2018 and uses a midpoint cost of $2,550,000 for the cleanup activities. TCEQ estimates that these two activities will take 5 years to complete.

This estimate assumes an average annual cost of $400,000 for the former metals recycling site and $510,000 for the former battery recycling site for a total annual cost of $910,000. These costs, borne by potentially responsible parties under current law, would be borne by the state under the bill's provisions. This estimate does not include future cleanup activities that, under the provisions of this bill, would be funded by the state instead of by a potentially responsible party.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality

LBB Staff: WP, SZ, GDz, MW