

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 2019

TO: Honorable Lyle Larson, Chair, House Committee on Natural Resources

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

IN RE: HB3324 by Zwiener (Relating to groundwater impact contingency planning by pipeline operators.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3324, As Introduced: an impact of \$0 through the biennium ending August 31, 2021; however there are decreases associated with General Revenue-Dedicated Water Resource Management Account No. 153 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 Savings/(Cost) from Water Resource Management 153	Change in Number of State Employees from FY 2019
2020	\$0	0.0
2021	(\$452,792)	6.0
2022	(\$453,172)	2.0
2023	(\$159,044)	2.0
2024	(\$159,454)	2.0

Fiscal Analysis

The bill would amend the Water Code to require the operator of a pipeline within the pipeline safety and regulatory program at the Railroad Commission (RRC) to submit a site-specific contingency plan to the Texas Commission on Environmental Quality (TCEQ) that would describe measure to be taken to control, contain, and collect any discharge of fluids from the pipeline to minimize groundwater impacts. The bill would require TCEQ to review the plan and provide the agency with the authority to reject this plan if TCEQ determines that the submitted plan is insufficient.

The bill would take effect September 1, 2019.

Methodology

This estimate assumes that TCEQ would be required to develop a program to review the site-specific contingency plans for pipelines. This would include the adoption of rules to implement the plan review process that would involve conducting joint rulemaking between TCEQ and RRC.

According to TCEQ, this new program would be required to review plans submitted for an estimated 8,554 natural gas distribution systems, natural gas transmission pipeline systems, and hazardous liquid pipeline systems under the provisions of the bill. This estimate assumes that rulemaking for the contingency plan review process would occur in fiscal year 2020. Following adoption of these rules and beginning in fiscal year 2021, TCEQ would need an additional 6.0 senior-level geoscientist FTEs (\$55,184 plus \$18,448 in benefits, or \$73,632 per FTE) for fiscal years 2021 and 2022 to cover review and assessment of the initially submitted 8,554 contingency plans for total annual costs of \$441,792. Following processing of these initial plans that would occur in fiscal years 2021 and 2022, TCEQ would need two additional senior-level geoscientist FTEs for review of any new contingency plans and revisions to existing plans for total annual costs of \$147,264.

This analysis also assumes an additional \$11,000 in fiscal year 2020, \$11,380 in fiscal year 2021, \$11,780 in fiscal year 2022, \$12,190 in fiscal year 2023, and \$12,610 in fiscal year 2024 for other operating and office related expenses.

Local Government Impact

According to TCEQ, local and other governmental entities that operate pipelines covered by this section may incur costs associated with preparing a contingency plan.

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

LBB Staff: WP, SZ, MW, GDz