

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: SB530 by Birdwell (Relating to civil and administrative penalties assessed or imposed for violations of laws protecting drinking water, public water supplies, and bodies of water.),
As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for SB530, As Engrossed: a positive impact of \$2,858,160 through the biennium ending August 31, 2021.

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	\$1,270,293
2021	\$1,587,867
2022	\$1,587,867
2023	\$1,587,867
2024	\$1,587,867

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2020	\$1,270,293
2021	\$1,587,867
2022	\$1,587,867
2023	\$1,587,867
2024	\$1,587,867

Fiscal Analysis

The bill would amend the Health and Safety Code to increase the assessed maximum civil penalty for violations of laws protecting drinking water, public water supplies, and bodies of water from \$1,000 to \$5,000 for each violation.

The bill would take effect on September 1, 2019.

Methodology

Based on data from the Texas Commission on Environmental Quality (TCEQ), the agency has administered an average of 365 enforcement orders per year for violations which occurred from fiscal years 2014 through 2018 with each order assessing an average of \$1,222 in civil penalties due to an enforcement order potentially having one or more assessed civil penalties of \$1,000 or less. Resulting average annual civil penalties collections total \$445,546 (365 orders x \$1,222).

Under provisions of the bill, the maximum civil penalty for violations would increase from \$1,000 to \$5,000. Based on information provided by TCEQ, this estimate assumes that TCEQ would assess the maximum civil penalty for each violation, that only one civil penalty of \$5,000 would be assessed for each enforcement order, and that the average amount of 365 enforcement orders would continue each fiscal year. The table above reflects an increase in the average civil penalties assessed per enforcement order by \$4,888 (\$1,222 to \$6,110) and assumes a collection rate of 89 percent based on historical collection records. In sum, the bill would provide an increase in overall collections deposited to the credit of the General Revenue Fund by \$1,587,867 each fiscal year (365 orders x \$4,888 in civil penalties x 89 percent collection rate) for the exception of collections in fiscal year 2020, or the first year of implementation for this new penalty amount, which are reduced by a further 20 percent to account for standard implementation lag resulting from changes in the penalty structure resulting in total collections of \$1,270,293 for that fiscal year.

Based on the analysis of the Office of Attorney General, duties and responsibilities associated with implementing the remaining provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts,
582 Commission on Environmental Quality

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