

SENATE AMENDMENTS

2nd Printing

By: Lozano, Guillen

H.B. No. 2771

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.131, Water Code, as effective until delegation of authority under the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.) to the Railroad Commission of Texas, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

(a) Except as provided by this section, the ~~The~~ Railroad Commission of Texas is solely responsible for the control and disposition of waste and the abatement and prevention of pollution of surface and subsurface water resulting from:

(1) activities associated with the exploration, development, and production of oil or gas or geothermal resources, including:

(A) activities associated with the drilling of injection water source wells which penetrate the base of useable quality water;

(B) activities associated with the drilling of cathodic protection holes associated with the cathodic protection of wells and pipelines subject to the jurisdiction of the Railroad

1 Commission of Texas;

2 (C) activities associated with gasoline plants,
3 natural gas or natural gas liquids processing plants, pressure
4 maintenance plants, or repressurizing plants;

5 (D) activities associated with any underground
6 natural gas storage facility, provided the terms "natural gas" and
7 "storage facility" shall have the meanings set out in Section
8 91.173, Natural Resources Code;

9 (E) activities associated with any underground
10 hydrocarbon storage facility, provided the terms "hydrocarbons"
11 and "underground hydrocarbon storage facility" shall have the
12 meanings set out in Section 91.201, Natural Resources Code; and

13 (F) activities associated with the storage,
14 handling, reclamation, gathering, transportation, or distribution
15 of oil or gas prior to the refining of such oil or prior to the use
16 of such gas in any manufacturing process or as a residential or
17 industrial fuel;

18 (2) except to the extent the activities are regulated
19 by the Texas Department of Health under Chapter 401, Health and
20 Safety Code, activities associated with uranium exploration
21 consisting of the disturbance of the surface or subsurface for the
22 purpose of or related to determining the location, quantity, or
23 quality of uranium ore; and

24 (3) any other activities regulated by the Railroad
25 Commission of Texas pursuant to Section 91.101, Natural Resources
26 Code.

27 (b) Except as provided by Subsection (d), the ~~[The]~~ Railroad

Commission of Texas may issue permits for the discharge of waste resulting from the ~~[these]~~ activities described by Subsection (a), and the discharge of waste into water in this state resulting from those ~~[these]~~ activities must ~~[shall]~~ meet the water quality standards established by the commission.

(d) The commission may issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from the activities described by Subsection (a) on delegation to the commission of NPDES authority for those discharges. The discharge of produced water, hydrostatic test water, and gas plant effluent into water in this state under this subsection must meet the water quality standards established by the commission.

SECTION 2. Section 26.131, Water Code, as effective on delegation of authority under the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6901 et seq.) to the Railroad Commission of Texas, is amended to read as follows:

Sec. 26.131. DUTIES OF RAILROAD COMMISSION. (a) Except as provided by this section, the ~~[The]~~ Railroad Commission of Texas is solely responsible for the control and disposition of waste and the abatement and prevention of pollution of surface and subsurface water resulting from:

(1) activities associated with the exploration, development, and production of oil or gas or geothermal resources, including:

(A) activities associated with the drilling of injection water source wells which penetrate the base of useable

1 quality water;

2 (B) activities associated with the drilling of
3 cathodic protection holes associated with the cathodic protection
4 of wells and pipelines subject to the jurisdiction of the Railroad
5 Commission of Texas;

6 (C) activities associated with gasoline plants,
7 natural gas or natural gas liquids processing plants, pressure
8 maintenance plants, or repressurizing plants;

9 (D) activities associated with any underground
10 natural gas storage facility, provided the terms "natural gas" and
11 "storage facility" shall have the meanings set out in Section
12 91.173, Natural Resources Code;

13 (E) activities associated with any underground
14 hydrocarbon storage facility, provided the terms "hydrocarbons"
15 and "underground hydrocarbon storage facility" shall have the
16 meanings set out in Section 91.201, Natural Resources Code; and

17 (F) activities associated with the storage,
18 handling, reclamation, gathering, transportation, or distribution
19 of oil or gas prior to the refining of such oil or prior to the use
20 of such gas in any manufacturing process or as a residential or
21 industrial fuel;

22 (2) except to the extent the activities are regulated
23 by the Texas Department of Health under Chapter 401, Health and
24 Safety Code, activities associated with uranium exploration
25 consisting of the disturbance of the surface or subsurface for the
26 purpose of or related to determining the location, quantity, or
27 quality of uranium ore; and

1 (3) any other activities regulated by the Railroad
2 Commission of Texas pursuant to Section 91.101, Natural Resources
3 Code.

4 (b) Except as provided by Subsection (c), the ~~[The]~~ Railroad
5 Commission of Texas may issue permits for the discharge of waste
6 resulting from the ~~[these]~~ activities described by Subsection (a),
7 and the discharge of waste into water in this state resulting from
8 those ~~[these]~~ activities must ~~[shall]~~ meet the water quality
9 standards established by the commission.

10 (c) The commission may issue permits for the discharge into
11 water in this state of produced water, hydrostatic test water, and
12 gas plant effluent resulting from the activities described by
13 Subsection (a) on delegation to the commission of NPDES authority
14 for those discharges. The discharge of produced water, hydrostatic
15 test water, and gas plant effluent into water in this state under
16 this subsection must meet the water quality standards established
17 by the commission.

18 SECTION 3. (a) In this section:

19 (1) "Commission" means the Texas Commission on
20 Environmental Quality.

21 (2) "NPDES" means National Pollutant Discharge
22 Elimination System.

23 (b) On delegation of NPDES permit authority for discharges
24 of produced water, hydrostatic test water, and gas plant effluent
25 to the commission by the United States Environmental Protection
26 Agency under Section 402(b) of the Federal Water Pollution Control
27 Act (33 U.S.C. Section 1342(b)), the following are transferred from

the Railroad Commission of Texas to the commission:

(1) the powers, duties, functions, programs, and activities of the Railroad Commission of Texas relating to the regulation of discharges of produced water, hydrostatic test water, and gas plant effluent into water in this state;

(2) any obligations and contracts of the Railroad Commission of Texas that are directly related to implementing a power, duty, function, program, or activity transferred under this Act; and

(3) all property and records in the custody of the Railroad Commission of Texas that are related to a power, duty, function, program, or activity transferred under this Act.

(c) The Railroad Commission of Texas shall continue to carry out its duties related to the regulation of discharges of produced water, hydrostatic test water, and gas plant effluent into water in this state until delegation of NPDES permit authority for discharges of produced water, hydrostatic test water, and gas plant effluent to the commission by the United States Environmental Protection Agency under Section 402(b) of the Federal Water Pollution Control Act (33 U.S.C. Section 1342(b)).

(d) The commission may carry out activities to ensure an orderly transfer of the powers, duties, functions, programs, and activities transferred under this Act, including hiring additional employees and amending the memorandum of understanding by mutual agreement with the Railroad Commission of Texas.

(e) Not later than September 1, 2021, the commission shall submit to the United States Environmental Protection Agency for

1 approval a request to supplement or amend the Texas Pollutant
2 Discharge Elimination System program to include delegation of NPDES
3 permit authority for discharges of produced water, hydrostatic test
4 water, and gas plant effluent.

5 SECTION 4. The change in law made by this Act to Section
6 26.131, Water Code, applies to an application for an authorization
7 to discharge produced water, hydrostatic test water, or gas plant
8 effluent into water in this state that is pending on or after the
9 effective date of delegation of National Pollutant Discharge
10 Elimination System permit authority for discharges of produced
11 water, hydrostatic test water, and gas plant effluent to the Texas
12 Commission on Environmental Quality by the United States
13 Environmental Protection Agency under Section 402(b) of the Federal
14 Water Pollution Control Act (33 U.S.C. Section 1342(b)). An
15 application that is granted or denied in a final decision before the
16 effective date of such delegation is governed by the law as it
17 existed immediately before the effective date of such delegation,
18 and that law is continued in effect for that purpose.

19 SECTION 5. This Act takes effect September 1, 2019.

ADOPTED

MAY 13 2019

Patricia Spaw
Secretary of the Senate

By:

Raymond Blyler

H.B. No. 2771

Substitute the following for H.B. No. 2771:

By:

Raymond Blyler

C.S. H.B. No. 2771

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.131, Water Code, as effective until delegation of authority under the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.) to the Railroad Commission of Texas, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

(a) Except as provided by this section, the ~~The~~ Railroad Commission of Texas is solely responsible for the control and disposition of waste and the abatement and prevention of pollution of surface and subsurface water resulting from:

(1) activities associated with the exploration, development, and production of oil or gas or geothermal resources, including:

(A) activities associated with the drilling of injection water source wells which penetrate the base of useable quality water;

(B) activities associated with the drilling of cathodic protection holes associated with the cathodic protection of wells and pipelines subject to the jurisdiction of the Railroad

1 Commission of Texas;

2 (C) activities associated with gasoline plants,
3 natural gas or natural gas liquids processing plants, pressure
4 maintenance plants, or repressurizing plants;

5 (D) activities associated with any underground
6 natural gas storage facility, provided the terms "natural gas" and
7 "storage facility" shall have the meanings set out in Section
8 91.173, Natural Resources Code;

9 (E) activities associated with any underground
10 hydrocarbon storage facility, provided the terms "hydrocarbons"
11 and "underground hydrocarbon storage facility" shall have the
12 meanings set out in Section 91.201, Natural Resources Code; and

13 (F) activities associated with the storage,
14 handling, reclamation, gathering, transportation, or distribution
15 of oil or gas prior to the refining of such oil or prior to the use
16 of such gas in any manufacturing process or as a residential or
17 industrial fuel;

18 (2) except to the extent the activities are regulated
19 by the Texas Department of Health under Chapter 401, Health and
20 Safety Code, activities associated with uranium exploration
21 consisting of the disturbance of the surface or subsurface for the
22 purpose of or related to determining the location, quantity, or
23 quality of uranium ore; and

24 (3) any other activities regulated by the Railroad
25 Commission of Texas pursuant to Section 91.101, Natural Resources
26 Code.

27 (b) Except as provided by Subsection (d), the [The] Railroad

1 Commission of Texas may issue permits for the discharge of waste
2 resulting from the ~~[these]~~ activities described by Subsection (a),
3 and the discharge of waste into water in this state resulting from
4 those ~~[these]~~ activities must ~~[shall]~~ meet the water quality
5 standards established by the commission.

6 (d) The commission may issue permits for the discharge into
7 water in this state of produced water, hydrostatic test water, and
8 gas plant effluent resulting from the activities described by
9 Subsection (a) on delegation to the commission of NPDES authority
10 for those discharges. The discharge of produced water, hydrostatic
11 test water, and gas plant effluent into water in this state under
12 this subsection must meet the water quality standards established
13 by the commission.

14 SECTION 2. Section 26.131, Water Code, as effective on
15 delegation of authority under the Resource Conservation and
16 Recovery Act of 1976 (42 U.S.C. 6901 et seq.) to the Railroad
17 Commission of Texas, is amended to read as follows:

18 Sec. 26.131. DUTIES OF RAILROAD COMMISSION. (a) Except as
19 provided by this section, the ~~[The]~~ Railroad Commission of Texas is
20 solely responsible for the control and disposition of waste and the
21 abatement and prevention of pollution of surface and subsurface
22 water resulting from:

23 (1) activities associated with the exploration,
24 development, and production of oil or gas or geothermal resources,
25 including:

26 (A) activities associated with the drilling of
27 injection water source wells which penetrate the base of useable

1 quality water;

2 (B) activities associated with the drilling of
3 cathodic protection holes associated with the cathodic protection
4 of wells and pipelines subject to the jurisdiction of the Railroad
5 Commission of Texas;

6 (C) activities associated with gasoline plants,
7 natural gas or natural gas liquids processing plants, pressure
8 maintenance plants, or repressurizing plants;

9 (D) activities associated with any underground
10 natural gas storage facility, provided the terms "natural gas" and
11 "storage facility" shall have the meanings set out in Section
12 91.173, Natural Resources Code;

13 (E) activities associated with any underground
14 hydrocarbon storage facility, provided the terms "hydrocarbons"
15 and "underground hydrocarbon storage facility" shall have the
16 meanings set out in Section 91.201, Natural Resources Code; and

17 (F) activities associated with the storage,
18 handling, reclamation, gathering, transportation, or distribution
19 of oil or gas prior to the refining of such oil or prior to the use
20 of such gas in any manufacturing process or as a residential or
21 industrial fuel;

22 (2) except to the extent the activities are regulated
23 by the Texas Department of Health under Chapter 401, Health and
24 Safety Code, activities associated with uranium exploration
25 consisting of the disturbance of the surface or subsurface for the
26 purpose of or related to determining the location, quantity, or
27 quality of uranium ore; and

1 (3) any other activities regulated by the Railroad
2 Commission of Texas pursuant to Section 91.101, Natural Resources
3 Code.

4 (b) Except as provided by Subsection (c), the [The] Railroad
5 Commission of Texas may issue permits for the discharge of waste
6 resulting from the [these] activities described by Subsection (a),
7 and the discharge of waste into water in this state resulting from
8 those [these] activities must [shall] meet the water quality
9 standards established by the commission.

10 (c) The commission may issue permits for the discharge into
11 water in this state of produced water, hydrostatic test water, and
12 gas plant effluent resulting from the activities described by
13 Subsection (a) on delegation to the commission of NPDES authority
14 for those discharges. The discharge of produced water, hydrostatic
15 test water, and gas plant effluent into water in this state under
16 this subsection must meet the water quality standards established
17 by the commission.

18 SECTION 3. (a) In this section:

19 (1) "Commission" means the Texas Commission on
20 Environmental Quality.

21 (2) "NPDES" means National Pollutant Discharge
22 Elimination System.

23 (b) On delegation of NPDES permit authority for discharges
24 of produced water, hydrostatic test water, and gas plant effluent
25 to the commission by the United States Environmental Protection
26 Agency under Section 402(b) of the Federal Water Pollution Control
27 Act (33 U.S.C. Section 1342(b)), the following are transferred from

1 the Railroad Commission of Texas to the commission:

2 (1) the powers, duties, functions, programs, and
3 activities of the Railroad Commission of Texas relating to the
4 regulation of discharges of produced water, hydrostatic test water,
5 and gas plant effluent into water in this state, other than
6 discharges resulting from spills or other unplanned releases;

7 (2) any obligations and contracts of the Railroad
8 Commission of Texas that are directly related to implementing a
9 power, duty, function, program, or activity transferred under this
10 Act; and

11 (3) all property and records in the custody of the
12 Railroad Commission of Texas that are related to a power, duty,
13 function, program, or activity transferred under this Act.

14 (c) The Railroad Commission of Texas shall continue to carry
15 out its duties related to the regulation of discharges of produced
16 water, hydrostatic test water, and gas plant effluent into water in
17 this state until delegation of NPDES permit authority for
18 discharges of produced water, hydrostatic test water, and gas plant
19 effluent to the commission by the United States Environmental
20 Protection Agency under Section 402(b) of the Federal Water
21 Pollution Control Act (33 U.S.C. Section 1342(b)).

22 (d) The commission may carry out activities to ensure an
23 orderly transfer of the powers, duties, functions, programs, and
24 activities transferred under this Act, including hiring additional
25 employees and amending the memorandum of understanding by mutual
26 agreement with the Railroad Commission of Texas.

27 (e) Not later than September 1, 2020, the commission shall

1 submit to the United States Environmental Protection Agency for
2 approval a request to supplement or amend the Texas Pollutant
3 Discharge Elimination System program to include delegation of NPDES
4 permit authority for discharges of produced water, hydrostatic test
5 water, and gas plant effluent.

6 SECTION 4. The change in law made by this Act to Section
7 26.131, Water Code, applies to an application for an authorization
8 to discharge produced water, hydrostatic test water, or gas plant
9 effluent into water in this state that is pending on or after the
10 effective date of delegation of National Pollutant Discharge
11 Elimination System permit authority for discharges of produced
12 water, hydrostatic test water, and gas plant effluent to the Texas
13 Commission on Environmental Quality by the United States
14 Environmental Protection Agency under Section 402(b) of the Federal
15 Water Pollution Control Act (33 U.S.C. Section 1342(b)). An
16 application that is granted or denied in a final decision before the
17 effective date of such delegation is governed by the law as it
18 existed immediately before the effective date of such delegation,
19 and that law is continued in effect for that purpose.

20 SECTION 5. This Act takes effect September 1, 2019.

ADOPTED

VV
MAY 16 2019

Lataj Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *J. J. Higgins*

- 1 Amend C.S.H.B. No. 2771 (senate committee report) in SECTION
- 2 3 of the bill, in Subsection (e) (page 3, line 51), by striking
- 3 "2020" and substituting "2021".

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 17, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

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

IN RE: HB2771 by Lozano (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.),
As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2021; however, there would be increases and decreases to General Revenue-Dedicated Accounts 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 Oil & Gas Regulation 5155	Probable Savings/(Cost) from Water Resource Management 153	Probable Revenue Gain/(Loss) from Oil & Gas Regulation 5155	Probable Revenue Gain/(Loss) from Water Resource Management 153
2020	\$188,178	(\$556,796)	(\$225,000)	\$998,000
2021	\$188,178	(\$558,506)	(\$225,000)	\$336,000
2022	\$188,178	(\$560,306)	(\$225,000)	\$336,000
2023	\$188,178	(\$562,151)	(\$225,000)	\$336,000
2024	\$188,178	(\$564,041)	(\$225,000)	\$336,000

Fiscal Year	Change in Number of State Employees from FY 2019
2020	6.5
2021	6.5
2022	6.5
2023	6.5
2024	6.5

Fiscal Analysis

The bill would amend the Water Code to allow the Texas Commission on Environmental Quality (TCEQ) to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities into the waters of this state. The bill would transfer these responsibilities from the Railroad Commission upon TCEQ receiving delegation of National Pollutant Discharge Elimination System permit authority by the Environmental Protection Agency.

The bill would take effect September 1, 2019.

Methodology

Under current law, the Railroad Commission processes an average of 465 permit applications each year. According to the Comptroller of Public Accounts and the Railroad Commission, it is estimated that General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 would have revenue decreases of \$225,000 each year from revenue currently collected through the processing of these applications composed of \$90,000 in annual fee revenue and \$135,000 in annual surcharge revenue. Additionally, revenue deposited to the credit of General Revenue-Dedicated Water Resources Management Account No. 153 would increase by \$998,000 in fiscal year 2020 and \$336,000 in subsequent fiscal years.

Under the provisions of the bill, this analysis assumes 529 facilities would be subject to permitting under TCEQ's current authority to collect application and water quality fees as assessed by the agency with revenues deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. Based on information provided by TCEQ, this analysis assumes TCEQ would apply any new fees in amounts that are similar to existing fees charged by the agency which includes facility permitting occurring on a five year cycle with an average application fee of \$1,250 for a total revenue gain in fiscal year 2020 of \$661,250 and water quality fees assessed annually ranging from \$100 for a general permit to \$8,435 for an industrial wastewater permit for a total annual revenue gain of \$336,000. This estimate assumes that funding

to meet the obligations of the bill by TCEQ would be expended from General Revenue-Dedicated Water Resources Management Account No. 153.

Based on information provided by the Railroad Commission, it is assumed that transferring the permitting responsibilities from the Railroad Commission to TCEQ would result in the Railroad Commission needing 2.5 fewer FTEs. Decreased costs reflected in the table above from the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 include salaries and related benefits for 2.5 FTEs currently processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities. This would include one License and Permit Specialist I FTE and 1.5 Engineering Specialist I FTEs for combined salary savings of \$150,678 and Other Operating Expenses Savings of \$37,500 each year, or a total of \$188,178 each year. The savings would total \$376,356 for the 2020-21 biennium, and \$940,890 over a five year period.

Based on information provided by TCEQ, this analysis assumes that implementing the provisions of the bill would cost \$1,115,301 for the 2020-21 biennium, and that the cost over a five year period would total \$2,801,798 in General Revenue-Dedicated Water Resources Management Account No. 153. This analysis assumes the agency would expand its current water-related permitting and inspection activities to include processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities and inspections. Costs include salaries for 9.0 FTEs, other operating costs, and related employee benefits.

The bill would require TCEQ to review and process permit applications for certain wastewater produced at oil and gas facilities. TCEQ currently processes an average of 157 industrial wastewater permits annually which are assessed and reviewed by 10.0 FTEs. Based on this staff-to-permit ratio and taking into consideration the number of permits issued by the Railroad Commission, it is estimated that TCEQ would require three additional Environmental Permit Specialist III FTEs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet this bill's obligations for total costs of \$169,098 each year.

The bill would also require TCEQ to conduct investigations to determine compliance with the wastewater permits within a universe of total wastewater facilities that would increase by an estimated 529 permits. This would include additional responsibilities, such as investigations, complaint response, and on site compliance checks by agency staff. This analysis assumes TCEQ would require six additional Natural Resource Specialist IIIs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet these obligations for total costs of \$338,196.

This analysis also assumes an additional \$49,500 in fiscal year 2020, \$51,210 in fiscal year 2021, \$53,010 in fiscal year 2022, \$54,855 in fiscal year 2023, and \$56,745 in fiscal year 2024 for other operating and office-related expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 455 Railroad Commission

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 9, 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: HB2771 by Lozano (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2021; however, there would be increases and decreases to General Revenue-Dedicated Accounts 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 Oil & Gas Regulation 5155	Probable Savings/(Cost) from Water Resource Management 153	Probable Revenue Gain/(Loss) from Oil & Gas Regulation 5155	Probable Revenue Gain/(Loss) from Water Resource Management 153
2020	\$188,178	(\$556,796)	(\$225,000)	\$998,000
2021	\$188,178	(\$558,506)	(\$225,000)	\$336,000
2022	\$188,178	(\$560,306)	(\$225,000)	\$336,000
2023	\$188,178	(\$562,151)	(\$225,000)	\$336,000
2024	\$188,178	(\$564,041)	(\$225,000)	\$336,000

Fiscal Year	Change in Number of State Employees from FY 2019
2020	6.5
2021	6.5
2022	6.5
2023	6.5
2024	6.5

Fiscal Analysis

The bill would amend the Water Code to allow the Texas Commission on Environmental Quality (TCEQ) to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities into the waters of this state. The bill would transfer these responsibilities from the Railroad Commission upon TCEQ receiving delegation of National Pollutant Discharge Elimination System permit authority by the Environmental Protection Agency.

The bill would take effect September 1, 2019.

Methodology

Under current law, the Railroad Commission processes an average of 465 permit applications each year. According to the Comptroller of Public Accounts and the Railroad Commission, it is estimated that General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 would have revenue decreases of \$225,000 each year from revenue currently collected through the processing of these applications composed of \$90,000 in annual fee revenue and \$135,000 in annual surcharge revenue. Additionally, revenue deposited to the credit of General Revenue-Dedicated Water Resources Management Account No. 153 would increase by \$998,000 in fiscal year 2020 and \$336,000 in subsequent fiscal years.

Under the provisions of the bill, this analysis assumes 529 facilities would be subject to permitting under TCEQ's current authority to collect application and water quality fees as assessed by the agency with revenues deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. Based on information provided by TCEQ, this analysis assumes TCEQ would apply any new fees in amounts that are similar to existing fees charged by the agency which includes facility permitting occurring on a five year cycle with an average application fee of \$1,250 for a total revenue gain in fiscal year 2020 of \$661,250 and water quality fees assessed annually ranging from \$100 for a general permit to \$8,435 for an industrial wastewater permit for a total annual revenue gain of \$336,000. This estimate assumes that funding

to meet the obligations of the bill by TCEQ would be expended from General Revenue-Dedicated Water Resources Management Account No. 153.

Based on information provided by the Railroad Commission, it is assumed that transferring the permitting responsibilities from the Railroad Commission to TCEQ would result in the Railroad Commission needing 2.5 fewer FTEs. Decreased costs reflected in the table above from the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 include salaries and related benefits for 2.5 FTEs currently processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities. This would include one License and Permit Specialist I FTE and 1.5 Engineering Specialist I FTEs for combined salary savings of \$150,678 and Other Operating Expenses Savings of \$37,500 each year, or a total of \$188,178 each year. The savings would total \$376,356 for the 2020-21 biennium, and \$940,890 over a five year period.

Based on information provided by TCEQ, this analysis assumes that implementing the provisions of the bill would cost \$1,115,301 for the 2020-21 biennium, and that the cost over a five year period would total \$2,801,798 in General Revenue-Dedicated Water Resources Management Account No. 153. This analysis assumes the agency would expand its current water-related permitting and inspection activities to include processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities and inspections. Costs include salaries for 9.0 FTEs, other operating costs, and related employee benefits.

The bill would require TCEQ to review and process permit applications for certain wastewater produced at oil and gas facilities. TCEQ currently processes an average of 157 industrial wastewater permits annually which are assessed and reviewed by 10.0 FTEs. Based on this staff-to-permit ratio and taking into consideration the number of permits issued by the Railroad Commission, it is estimated that TCEQ would require three additional Environmental Permit Specialist III FTEs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet this bill's obligations for total costs of \$169,098 each year.

The bill would also require TCEQ to conduct investigations to determine compliance with the wastewater permits within a universe of total wastewater facilities that would increase by an estimated 529 permits. This would include additional responsibilities, such as investigations, complaint response, and on site compliance checks by agency staff. This analysis assumes TCEQ would require six additional Natural Resource Specialist IIIs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet these obligations for total costs of \$338,196.

This analysis also assumes an additional \$49,500 in fiscal year 2020, \$51,210 in fiscal year 2021, \$53,010 in fiscal year 2022, \$54,855 in fiscal year 2023, and \$56,745 in fiscal year 2024 for other operating and office-related expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 455 Railroad Commission

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 7, 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: HB2771 by Lozano (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.),
As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, As Engrossed: an impact of \$0 through the biennium ending August 31, 2021; however, there would be increases and decreases to General Revenue-Dedicated Accounts 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 Oil & Gas Regulation 5155	Probable Savings/(Cost) from Water Resource Management 153	Probable Revenue Gain/(Loss) from Oil & Gas Regulation 5155	Probable Revenue Gain/(Loss) from Water Resource Management 153
2020	\$188,178	(\$556,796)	(\$225,000)	\$998,000
2021	\$188,178	(\$558,506)	(\$225,000)	\$336,000
2022	\$188,178	(\$560,306)	(\$225,000)	\$336,000
2023	\$188,178	(\$562,151)	(\$225,000)	\$336,000
2024	\$188,178	(\$564,041)	(\$225,000)	\$336,000

Fiscal Year	Change in Number of State Employees from FY 2019
2020	6.5
2021	6.5
2022	6.5
2023	6.5
2024	6.5

Fiscal Analysis

The bill would amend the Water Code to allow the Texas Commission on Environmental Quality (TCEQ) to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities into the waters of this state. The bill would transfer these responsibilities from the Railroad Commission upon TCEQ receiving delegation of National Pollutant Discharge Elimination System permit authority by the Environmental Protection Agency.

The bill would take effect September 1, 2019.

Methodology

Under current law, the Railroad Commission processes an average of 465 permit applications each year. According to the Comptroller of Public Accounts and the Railroad Commission, it is estimated that General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 would have revenue decreases of \$225,000 each year from revenue currently collected through the processing of these applications composed of \$90,000 in annual fee revenue and \$135,000 in annual surcharge revenue. Additionally, revenue deposited to the credit of General Revenue-Dedicated Water Resources Management Account No. 153 would increase by \$998,000 in fiscal year 2020 and \$336,000 in subsequent fiscal years.

Under the provisions of the bill, this analysis assumes 529 facilities would be subject to permitting under TCEQ's current authority to collect application and water quality fees as assessed by the agency with revenues deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. Based on information provided by TCEQ, this analysis assumes TCEQ would apply any new fees in amounts that are similar to existing fees charged by the agency which includes facility permitting occurring on a five year cycle with an average application fee of \$1,250 for a total revenue gain in fiscal year 2020 of \$661,250 and water quality fees assessed annually ranging from \$100 for a general permit to \$8,435 for an industrial wastewater permit for a total annual revenue gain of \$336,000. This estimate assumes that funding to meet the obligations of the bill by TCEQ would be expended from General Revenue-Dedicated Water Resources Management Account No. 153.

Based on information provided by the Railroad Commission, it is assumed that transferring the permitting responsibilities from the Railroad Commission to TCEQ would result in the Railroad Commission needing 2.5 fewer FTEs. Decreased costs reflected in the table above from the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 include salaries and related benefits for 2.5 FTEs currently processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities. This would include one License and Permit Specialist I FTE and 1.5 Engineering Specialist I FTEs for combined salary savings of \$150,678 and Other Operating

Expenses Savings of \$37,500 each year, or a total of \$188,178 each year. The savings would total \$376,356 for the 2020-21 biennium, and \$940,890 over a five year period.

Based on information provided by TCEQ, this analysis assumes that implementing the provisions of the bill would cost \$1,115,301 for the 2020-21 biennium, and that the cost over a five year period would total \$2,801,798 in General Revenue-Dedicated Water Resources Management Account No. 153. This analysis assumes the agency would expand its current water-related permitting and inspection activities to include processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities and inspections. Costs include salaries for 9.0 FTEs, other operating costs, and related employee benefits.

The bill would require TCEQ to review and process permit applications for certain wastewater produced at oil and gas facilities. TCEQ currently processes an average of 157 industrial wastewater permits annually which are assessed and reviewed by 10.0 FTEs. Based on this staff-to-permit ratio and taking into consideration the number of permits issued by the Railroad Commission, it is estimated that TCEQ would require three additional Environmental Permit Specialist III FTEs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet this bill's obligations for total costs of \$169,098 each year.

The bill would also require TCEQ to conduct investigations to determine compliance with the wastewater permits within a universe of total wastewater facilities that would increase by an estimated 529 permits. This would include additional responsibilities, such as investigations, complaint response, and on site compliance checks by agency staff. This analysis assumes TCEQ would require six additional Natural Resource Specialist IIIs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet these obligations for total costs of \$338,196.

This analysis also assumes an additional \$49,500 in fiscal year 2020, \$51,210 in fiscal year 2021, \$53,010 in fiscal year 2022, \$54,855 in fiscal year 2023, and \$56,745 in fiscal year 2024 for other operating and office-related expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 455 Railroad Commission

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 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: **HB2771** by Lozano (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water in this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2021; however, there would be increases and decreases to General Revenue-Dedicated Accounts 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 <i>Oil & Gas Regulation</i> 5155	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	Probable Revenue Gain/(Loss) from <i>Oil & Gas Regulation</i> 5155	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153
2020	\$188,178	(\$556,796)	(\$225,000)	\$998,000
2021	\$188,178	(\$558,506)	(\$225,000)	\$336,000
2022	\$188,178	(\$560,306)	(\$225,000)	\$336,000
2023	\$188,178	(\$562,151)	(\$225,000)	\$336,000
2024	\$188,178	(\$564,041)	(\$225,000)	\$336,000

Fiscal Year	Change in Number of State Employees from FY 2019
2020	6.5
2021	6.5
2022	6.5
2023	6.5
2024	6.5

Fiscal Analysis

The bill would amend the Water Code to allow the Texas Commission on Environmental Quality (TCEQ) to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities into the waters of this state. The bill would transfer these responsibilities from the Railroad Commission upon TCEQ receiving delegation of National Pollutant Discharge Elimination System permit authority by the Environmental Protection Agency. In addition, the bill would transfer all

The bill would take effect September 1, 2019.

Methodology

Under current law, the Railroad Commission processes an average of 465 permit applications each year. According to the Comptroller of Public Accounts and the Railroad Commission, it is estimated that General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 would have revenue decreases of \$225,000 each year from revenue currently collected through the processing of these applications composed of \$90,000 in annual fee revenue and \$135,000 in annual surcharge revenue. Additionally, revenue deposited to the credit of General Revenue-Dedicated Water Resources Management Account No. 153 would increase by \$998,000 in fiscal year 2020 and \$336,000 in subsequent fiscal years.

Under the provisions of the bill, this analysis assumes 529 facilities would be subject to permitting under TCEQ's current authority to collect application and water quality fees as assessed by the agency with revenues deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. Based on information provided by TCEQ, this analysis assumes TCEQ would apply any new fees in amounts that are similar to existing fees charged by the agency which includes facility permitting occurring on a five year cycle with an average application fee of \$1,250 for a total revenue gain in fiscal year 2020 of \$661,250 and water quality fees assessed annually ranging from \$100 for a general permit to \$8,435 for an industrial wastewater permit for a total annual revenue gain of \$336,000.

The bill would require that all funds appropriated to the Railroad Commission for these permitting responsibilities be transferred to TCEQ; however, the bill does not provide authority for agencies other than the Railroad Commission to use funds from General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155. Pursuant to Natural Resources Code, Section 81.068, only the Railroad Commission and its employees have authority to expend funds from this account. This estimate assumes that funding to meet the obligations of the bill by TCEQ would be expended from General Revenue-Dedicated Water Resources Management Account No. 153.

Based on information provided by the Railroad Commission, it is assumed that transferring the permitting responsibilities from the Railroad Commission to TCEQ would result in the Railroad

Commission needing 2.5 fewer FTEs. Decreased costs reflected in the table above from the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 include salaries and related benefits for 2.5 FTEs currently processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities. This would include one License and Permit Specialist I FTE and 1.5 Engineering Specialist I FTEs for combined salary savings of \$150,678 and Other Operating Expenses Savings of \$37,500 each year, or a total of \$188,178 each year. The savings would total \$376,356 for the 2020-21 biennium, and \$940,890 over a five year period.

Based on information provided by TCEQ, this analysis assumes that implementing the provisions of the bill would cost \$1,115,301 for the 2020-21 biennium, and that the cost over a five year period would total \$2,801,798 in General Revenue-Dedicated Water Resources Management Account No. 153. This analysis assumes the agency would expand its current water-related permitting and inspection activities to include processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities and inspections. Costs include salaries for 9.0 FTEs, other operating costs, and related employee benefits.

The bill would require TCEQ to review and process permit applications for certain wastewater produced at oil and gas facilities. TCEQ currently processes an average of 157 industrial wastewater permits annually which are assessed and reviewed by 10.0 FTEs. Based on this staff-to-permit ratio and taking into consideration the number of permits issued by the Railroad Commission, it is estimated that TCEQ would require three additional Environmental Permit Specialist III FTEs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet this bill's obligations for total costs of \$169,098 each year.

The bill would also require TCEQ to conduct investigations to determine compliance with the wastewater permits within a universe of total wastewater facilities that would increase by an estimated 529 permits. This would include additional responsibilities, such as investigations, complaint response, and on site compliance checks by agency staff. This analysis assumes TCEQ would require six additional Natural Resource Specialist IIIs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet these obligations for total costs of \$338,196.

This analysis also assumes an additional \$49,500 in fiscal year 2020, \$51,210 in fiscal year 2021, \$53,010 in fiscal year 2022, \$54,855 in fiscal year 2023, and \$56,745 in fiscal year 2024 for other operating and office-related expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 455 Railroad Commission

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 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: **HB2771** by Lozano (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the discharge into water of this state of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, As Introduced: an impact of \$0 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	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Oil & Gas Regulation</i> 5155	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	Probable Revenue Gain/(Loss) from <i>Oil & Gas Regulation</i> 5155	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153
2020	\$188,178	(\$556,796)	(\$225,000)	\$998,000
2021	\$188,178	(\$558,506)	(\$225,000)	\$336,000
2022	\$188,178	(\$560,306)	(\$225,000)	\$336,000
2023	\$188,178	(\$562,151)	(\$225,000)	\$336,000
2024	\$188,178	(\$564,041)	(\$225,000)	\$336,000

Fiscal Year	Change in Number of State Employees from FY 2019
2020	6.5
2021	6.5
2022	6.5
2023	6.5
2024	6.5

Fiscal Analysis

The bill would amend the Water Code to allow the Texas Commission on Environmental Quality (TCEQ) to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities into the waters of this state.

The bill would take effect September 1, 2019.

Methodology

Under current law, the Railroad Commission processes an average of 465 permit applications each year. According to the Comptroller of Public Accounts and the Railroad Commission, it is estimated that General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 would have revenue decreases of \$225,000 each year from revenue currently collected through the processing of these applications composed of \$90,000 in annual fee revenue and \$135,000 in annual surcharge revenue. Additionally, revenue deposited to the credit of General Revenue-Dedicated Water Resources Management Account No. 153 would increase by \$998,000 in fiscal year 2020 and \$336,000 in subsequent fiscal years.

Under the provisions of the bill, this analysis assumes 529 facilities would be subject to permitting under TCEQ's current authority to collect application and water quality fees as assessed by the agency with revenues deposited to the credit of General Revenue-Dedicated Water Resource Management Account No. 153. Based on information provided by TCEQ, this analysis assumes TCEQ would apply any new fees in amounts that are similar to existing fees charged by the agency which includes facility permitting occurring on a five year cycle with an average application fee of \$1,250 for a total revenue gain in fiscal year 2020 of \$661,250 and water quality fees assessed annually ranging from \$100 for a general permit to \$8,435 for an industrial wastewater permit for a total annual revenue gain of \$336,000.

Based on information provided by the Railroad Commission, it is assumed that transferring the permitting responsibilities from the Railroad Commission to TCEQ would result in the Railroad Commission needing 2.5 fewer FTEs. Decreased costs reflected in the table above from the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 include salaries and related benefits for 2.5 FTEs currently processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities. This would include one License and Permit Specialist I FTE and 1.5 Engineering Specialist I FTEs for combined salary savings of \$150,678 and Other Operating Expenses Savings of \$37,500 each year, or a total of \$188,178 each year. The savings would total \$376,356 for the 2020-21 biennium, and \$940,890 over a five year period.

Based on information provided by TCEQ, this analysis assumes that implementing the provisions of the bill would cost \$1,115,301 for the 2020-21 biennium, and that the cost over a five year period would total \$2,801,798 in General Revenue-Dedicated Water Resources Management

Account No. 153. This analysis assumes the agency would expand its current water-related permitting and inspection activities to include processing permit applications for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities and inspections. Costs include salaries for 9.0 FTEs, other operating costs, and related employee benefits.

The bill would require TCEQ to review and process permit applications for certain wastewater produced at oil and gas facilities. TCEQ currently processes an average of 157 industrial wastewater permits annually which are assessed and reviewed by 10.0 FTEs. Based on this staff-to-permit ratio and taking into consideration the number of permits issued by the Railroad Commission, it is estimated that TCEQ would require three additional Environmental Permit Specialist III FTEs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet this bill's obligations for total costs of \$169,098 each year.

The bill would also require TCEQ to conduct investigations to determine compliance with the wastewater permits within a universe of total wastewater facilities that would increase by an estimated 529 permits. In addition, this would include additional responsibilities, such as investigations, complaint response, and on site compliance checks by agency staff. This analysis assumes TCEQ would require six additional Natural Resource Specialist IIIs (\$42,244 plus \$14,122 in benefits, or \$56,366 each year per FTE) to meet these obligations for total costs of \$338,196.

This analysis also assumes an additional \$49,500 in fiscal year 2020, \$51,210 in fiscal year 2021, \$53,010 in fiscal year 2022, \$54,855 in fiscal year 2023, and \$56,745 in fiscal year 2024 for other operating and office-related expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission, 537 State Health Services, Department of, 582 Commission on Environmental Quality

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