

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 16, 2021

TO: Honorable Tracy O. King, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4066 by Lucio III (Relating to the adoption by the Railroad Commission of Texas of a permit by rule for the beneficial reuse of domestic wastewater and mobile drinking water treatment system wastewater produced at certain oil and gas drilling sites.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4066, Committee Report 1st House, Substituted : a negative impact of (\$3,067,750) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$1,533,875)
2023	(\$1,533,875)
2024	(\$1,533,875)
2025	(\$1,533,875)
2026	(\$1,533,875)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$1,533,875)	24.0
2023	(\$1,533,875)	24.0
2024	(\$1,533,875)	24.0
2025	(\$1,533,875)	24.0
2026	(\$1,533,875)	24.0

Fiscal Analysis

The bill would amend the Natural Resources Code to require the Railroad Commission (RRC) to adopt permit requirements, no later than September 1, 2022, for the beneficial recycling of treated domestic wastewater and mobile drinking water treatment system wastewater generated at drilling sites.

The bill would require that discharged treated wastewater follow the state's water quality standards and that operators report the specific use and disposal of treated wastewater.

The bill would also require water treatment system operators maintain financial assurance in an amount not to exceed \$200,000 per year.

The bill would take effect on September 1, 2021.

Methodology

According to RRC, the agency does not currently conduct wastewater inspections and would require staff with expertise in water quality standards to implement the provisions of the bill. Based on information provided by RRC, this analysis assumes the agency would require 24.0 inspector positions, or 2.0 inspector positions for each of the twelve district offices, to inspect and test for water quality compliance. This analysis includes \$1,533,875 in General Revenue for salaries and benefits each fiscal year.

Based on information provided by the Comptroller of Public Accounts and the RRC, the bill would not authorize RRC to assess a fee for the new permit required by the bill.

Based on information provided by the Commission on Environmental Quality, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission, 582 Commission on Environmental Quality

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