

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 24, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB900 by Alvarado (Relating to the safety of storage vessels.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB900, As Passed 2nd House : a negative impact of (\$350,144) 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, Six- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$176,072)
2023	(\$174,072)
2024	(\$406,817)
2025	(\$403,817)
2026	(\$403,817)
2027	\$0

All Funds, Six-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from General Revenue Dedicated Performance Standards for Safety at Storage Vessels Program	Probable Revenue Gain/(Loss) from General Revenue Dedicated Performance Standards for Safety at Storage Vessels Program	Change in Number of State Employees from FY 2021
2022	(\$176,072)	\$0	\$0	2.0
2023	(\$174,072)	\$0	\$0	2.0
2024	(\$406,817)	\$0	\$0	5.0
2025	(\$403,817)	\$0	\$0	5.0
2026	(\$403,817)	\$0	\$0	5.0
2027	\$0	(\$6,297,593)	\$6,297,593	67.0

Fiscal Analysis

The bill would amend the Water Code to establish the Performance Standards for Safety at Storage Vessels (PSSSV) Program within the Texas Commission on Environmental Quality (TCEQ) and identifies the safety elements that TCEQ must include in these standards and the entities regulated under this new program. The bill requires TCEQ to establish a PSSSV Program by September 1, 2023, to provide for the protection of groundwater and surface water resources in the event of an accident or natural disaster. The bill

requires this program to include all critical safety elements applicable to a storage vessel and that TCEQ determines to be critical for the protection of ground water and surface water resources following federal statutes and regulations identified in the bill.

Under the bill's provisions, an owner or operator of a storage vessel must register with the commission, assess, and report to TCEQ on its compliance status with the PSSSV Program no later than September 1, 2027, with any storage vessels constructed or brought into service after that date required to register and certify compliance no later than 30 days following start of their operations. The bill would require owners and operators of storage vessels to comply with the standards program upon completion of the next regularly scheduled out-of-service maintenance that occurs after September 1, 2027, with all facilities required to certify compliance status no later than September 1, 2037.

The bill would require TCEQ to conduct on-site inspections of the registered and certified facilities at least once every five years to determine compliance. The bill permits TCEQ to approve exemptions from specific storage vessel regulations if the owner or operator of the storage vessel demonstrates that the vessel presents a sufficiently low risk of hazards such that it does not warrant regulation under the program. The bill authorizes TCEQ to conduct rulemaking to establish the effective date of standards used in implementing the program under conditions identified in the bill.

The bill would create the new General Revenue–Dedicated Performance Standards for Safety at Storage Vessels Program Account and would require TCEQ to establish certification fees in amounts sufficient to cover program costs for deposit to the account.

This bill would take effect September 1, 2021.

Methodology

Based on the information provided by TCEQ, this analysis assumes the following:

- Establishing a PSSSV program under the provisions and timelines of the bill within the TCEQ would result in the registration, licensing, and regulation of an estimated 36,000 tanks;
- Vessel owners and operators would register with TCEQ in fiscal year 2027 due to the bill's requirement that all existing storage vessels be registered with the agency no later than September 1, 2027;
- TCEQ would establish fees and begin collecting revenue necessary to cover all costs associated with implementing the provisions of the bill in fiscal year 2027; and
- Although the bill requires the program to be covered by fee-generated revenues, General Revenue would be necessary to cover programmatic costs prior to fiscal year 2027 due to when fee-generated revenues are anticipated to be collected.

Two additional Program Specialist IVs (\$59,473 each per year with estimated benefits of \$19,341) housed in the Office of Waste, Occupational Licensing & Regulation would be necessary beginning in fiscal year 2022 for creating the registration program, including all associated forms, resources, and processes to meet the bill's requirement that the program be established by September 1, 2023.

Beginning in fiscal year 2024, this estimate assumes an additional 3 Program Specialist II positions (\$51,985 each per year with estimated benefits of \$16,906) would be necessary in the Office of Waste, Occupational Licensing and Registration Division for program administration of regulated entities registered during the 2024–25 biennium.

Beginning in fiscal year 2027, this estimate assumes an additional 50 Environmental Investigator III positions (\$55,602 each per year with estimated benefits of \$18,082) would be needed in the Office of Compliance and Enforcement and TCEQ's regional offices to conduct annual inspections, ten-year certification reviews, for responding to complaints, and to conduct follow-up investigations for an estimated 36,000 regulated entities.

It is also assumed that an additional 6 Natural Resource Specialist II positions (\$47,688 each per year with estimated benefits of \$15,508) would be needed in the Office of Compliance and Enforcement, Program Support, and Environmental Assistance Division for the development and distribution of guidance documents on program requirements, for the development and coordination of needed educational workshops throughout the state, for compliance assistance that would include onsite technical assistance.

One additional Natural Resource Specialist V position (\$72,789 per year with estimated benefits of \$23,601) would be needed in the Office of Compliance and Enforcement, Program Support, and Environmental Assistance Division to ensure program requirements are being implemented consistently throughout the state as investigations and certification reviews occur.

Seven additional Enforcement Coordinator II (\$47,688 each per year with estimated benefits of \$15,508) positions would be needed in the Office of Compliance and Enforcement Division for administration of anticipated increases in the number of enforcement violations of the newly regulated entities.

One additional Financial Analyst II position (\$68,047 per year with estimated benefits of \$22,129) would be needed in the Office of Administrative Services to perform the additional Financial Inability to Pay claims raised by respondents to the Office of Compliance and Enforcement Division.

This estimate assumes an additional \$18,445 in fiscal years 2022, \$16,445 in 2033, \$42,518 in fiscal years 2024, \$39,518 in fiscal years 2025 and 2026, and \$690,921 in fiscal year 2027 for operational expenses and startup costs associated with new positions. In addition, an estimated \$550,000 would be necessary for the agency to purchase additional vehicles for use by agency staff for onsite investigations and certification reviews.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

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

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

LBB Staff: JMc, LBO, MW, GDZ, AJL