

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 3, 2023

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1687 by Murr (Relating to the regulation of certain aggregate production operations by the Texas Commission on Environmental Quality; authorizing an increase in the amount of a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1687, As Introduced : an impact of \$0 through the biennium ending August 31, 2025.

The fiscal implications to the State resulting from a registration application fee increase established by the bill cannot be determined because the number of aggregate production operations located within municipal jurisdictions that would be subject to the fee is unknown.

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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from Water Resource Management	Change in Number of State Employees from FY 2023
2024	153 (\$211,549)	2.0
2025	(\$186,729)	2.0
2026	(\$186,729)	2.0
2027	(\$186,729)	2.0
2028	(\$186,729)	2.0

Fiscal Analysis

The bill would amend the Water Code to require certain aggregate production operations (APO) that have registered with the Texas Commission on Environmental Quality (TCEQ) on or after January 1, 2016, and that occupy at least 10 acres within the boundaries or extraterritorial jurisdiction of a municipality to include

a reclamation plan and performance bond of up to \$2,500 for each acre to be impacted by extraction activities with the initial registration application or the first renewal application filed after September 1, 2023. The bill would permit TCEQ to set a fee of up to \$1,900 for the initial or a renewed registration application that would apply to registrations submitted after January 1, 2016.

The bill permits TCEQ to conduct periodic inspections after extraction activities have ceased to verify compliance with the reclamation plan, requires TCEQ to inspect aggregate production operations after receiving notification by an operator that reclamation activities at the site have ceased to verify compliance with requirements under the provisions of the bill and the reclamation plan, and requires TCEQ to release any remaining part of the performance bond if the operator is in compliance.

Methodology

The registration fee for APO registration applications is deposited to the credit of General Revenue. The bill would increase the maximum registration fee for these applications from \$1,500 to \$1,900 for sites greater than 10 acres that are also located within a municipal jurisdiction.

Since January 1, 2016, TCEQ has registered 2,134 APO sites of which 744 are still active sites over 10 acres or more. However, the commission does not currently collect data on the number of APO sites located within a municipality. According to the Comptroller of Public Accounts and TCEQ, the total revenue that would be generated from this fee increase cannot be estimated because the number of APOs located within municipal jurisdictions is unknown.

Based on the analysis of TCEQ, this estimate assumes the agency would require an additional 2.0 FTEs including one Financial Analyst II (\$75,376 plus \$22,861 in benefits) for tasks related to the performance bonds, and one Natural Resource Specialist II (\$55,096 plus \$17,678 in benefits) to conduct post-reclamation inspections.

This analysis also assumes an additional \$2,500 each year would be necessary for travel expenses and that \$34,845 in fiscal year 2024 and \$10,025 each subsequent year would be necessary for other operations and maintenance.

This estimate assumes that duties and responsibilities associated with implementing the remaining provisions in the bill could be accomplished by utilizing existing resources.

Local Government Impact

According to TCEQ, a municipality may be required to review and approve a proposal to amend a reclamation plan. The municipality would be required to conduct a public meeting prior to approval of the plan amendment. If approved, the municipality would be required to notify the responsible party and the commission. These activities may result in costs to the municipality, which cannot be estimated.

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

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