

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 10, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4256 by Murr (relating to the establishment of a grant program to plug leaking water wells in certain counties; making an appropriation.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4256, Committee Report 1st House, Substituted : a negative impact of (\$40,000,000) through the biennium ending August 31, 2025.

Appropriations:

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund 1</i>
2024	\$40,000,000
2025	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$40,000,000)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain from Leaking Water Wells Fund</i>	<i>Probable Savings/(Cost) from Leaking Water Wells Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$40,000,000)	\$40,000,000	(\$200,000)	0.0
2025	\$0	\$0	(\$463,782)	2.0
2026	\$0	\$0	(\$253,782)	2.0
2027	\$0	\$0	(\$253,782)	2.0
2028	\$0	\$0	(\$253,782)	2.0

Fiscal Analysis

The bill would amend the Water Code to establish a new account to be administered by the Texas Commission on Environmental Quality (TCEQ), the Leaking Water Wells Fund. The Leaking Water Wells Fund would be a fund in the state treasury outside the General Revenue Fund. The fund would be used to provide grants to offset

the cost of plugging water wells in a groundwater conservation district in a county that has a population of less than 16,000 and is adjacent to at least seven counties with populations of less than 15,000 and to pay the administrative costs of a leaking water well plugging program at TCEQ.

The bill would appropriate \$40,000,000 from the General Revenue fund to the Comptroller of Public Accounts (CPA) and would require the CPA to transfer that amount to the Leaking Water Wells Fund. The bill would also direct TCEQ to establish a Leaking Water Wells program to identify projects eligible to receive funding and implement the program.

Methodology

The tables above reflect the appropriation of \$40,000,000 from the General Revenue Fund to the CPA and the required transfer to the Leaking Water Wells Fund and assume an effective date of September 1, 2023, with the transfer occurring in fiscal year 2024. If the bill would become effective immediately the appropriation and subsequent transfer would occur in fiscal year 2023.

Based on information provided by TEQ, the amount of wells that would need plugging in the area defined by the bill is unknown. Accordingly, the table above does not reflect the cost of the grants that would be funded out of the Leaking Water Wells Fund each fiscal year. The fiscal impact cannot be determined as the number of eligible water wells, the number of grantees, timing of grant distributions, and the amount of grant funds that would be provided is unknown. Due to the uncertainty of grant expenditures out of the Leaking Water Wells Fund, this analysis does not include any gain to the Leaking Water Well Fund from interest or investment earnings.

The bill would require TCEQ to use the Leaking Water Wells Fund for projects that plug leaking water wells and establish a program to identify eligible projects. Based on information provided by TCEQ, this analysis assumes that it would take one fiscal year to complete all necessary rule making required by the bill. It is also assumed that TCEQ would require 1.0 Geoscientist IV (B 26) and 1.0 Grant Specialist IV (B23) with total costs of \$263,782 in fiscal year 2025 and \$253,782 in fiscal years 2026 through 2028. These costs would include \$183,401 in payroll; agency payroll costs of \$2,751; fringe benefits of \$55,626; and other associated costs of \$12,004 in fiscal years 2025 through 2028 and one time costs of \$3000 for computer and software licenses and \$7,000 for furniture and equipment in fiscal year 2025. TCEQ also indicated that it would require \$200,000 in fiscal years 2024 and 2025 to contract with an outside firm to develop a new information technology system to monitor and track the grant program. This analysis assumes that TCEQ could absorb on-going maintenance costs related to this IT system with existing resources.

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.

Technology

Based on information provided by TCEQ, the agency would require \$200,000 in fiscal years 2024 and 2025 to contract with an outside firm to develop a new information technology system to monitor and track the Leaking Water Wells grant program.

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

LBB Staff: JMc, KDw, MW, DKN, CMA

