

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 28, 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 establishing and funding a grant program to plug leaking water wells in certain counties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4256, As Introduced : a negative impact of (\$19,500,000) through the biennium ending August 31, 2025.

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>
2024	\$0
2025	(\$19,500,000)
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue (Loss) from General Revenue Fund 1</i>	<i>Probable Revenue (Loss) from Economic Stabilization Fund 599</i>	<i>Probable Revenue Gain from Leaking Water Wells Fund</i>	<i>Probable Savings/(Cost) from Leaking Water Wells Fund</i>
2024	\$0	(\$18,998,000)	\$18,500,000	\$0
2025	(\$19,500,000)	(\$480,000)	\$0	(\$263,782)
2026	\$0	\$19,500,000	\$0	(\$253,782)
2027	\$0	\$0	\$0	(\$253,782)
2028	\$0	\$0	\$0	(\$253,782)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	0.0
2025	2.0
2026	2.0
2027	2.0
2028	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 is 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 12,000 and to pay the administrative costs of a leaking water well plugging program at TCEQ.

The bill would direct the Comptroller of Public Accounts to transfer of \$18,500,000 from the Economic Stabilization fund 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 bill would require the Comptroller of Public Accounts to make a one-time transfer of \$18,500,000 from the Economic Stabilization Fund to the Leaking Water Wells Fund. Based on information provided by the Comptroller of Public Accounts, the transfer of \$18,500,000 from the Economic Stabilization Fund would reduce the interest and investment earnings by \$498,000 in fiscal year 2024 and by \$480,000 in fiscal year 2025. Based on analysis provided by the Comptroller of Public Accounts, the transfer and subsequent decrease of investment and interest earnings would require an additional \$19,500,000 in increased severance taxes to be transferred from the General Revenue Fund to the Economic Stabilization Fund as reflected in the table above.

Based on information provided by the Comptroller of Public Accounts, this analysis assumes that the Committee Substitute for Senate Bill 30, Eighty-eighth Legislature, 2023 would remain constant and would have a material impact on the balance of the Economic Stabilization Fund. This analysis also assumes that the cost to the Leaking Water Wells Fund from providing grants cannot be determined as the number of eligible water wells, the number of grantees, and timing of grant distributions is unknown at this time. 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.

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, 455 Railroad Commission, 582 Commission on Environmental Quality

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