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: **HB4872** by Rogers (Relating to the reporting and plugging of certain wells.), **As Introduced**

The fiscal implications of the bill cannot be determined because the amount of funding that would be available for the purpose of plugging water wells is unknown and the number of eligible water wells that would be plugged in a fiscal year cannot be determined.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would require Texas Commission on Environmental Quality (TCEQ) to establish a process for landowners to report wells on their property that were originally drilled or operated as an oil or gas well and now serve as water wells or wells that were not properly plugged or pose a threat to ground or surface water. The bill also would require TCEQ to establish a program to provide grants to landowners or governmental entities to plug the reported wells. The bill would require TCEQ to adopt rules governing grants as required by the bill and requiring that well plugging be performed either by a well plugger approved by the Railroad Commission (RRC) or by RRC.

This analysis includes the following assumptions based on information provided by RRC and TCEQ: (1) Responsibilities under the requirements of the bill would only cover well plugging and not remediation of land adjacent to the water well; (2) RRC would verify that any chosen well plugging company would be an approved plugger and would not assist in choosing a well plugging company. TCEQ would choose well plugging companies; (3) RRC would assist in confirming water well eligibility since the bill requires wells to be originally drilled or operated as an oil or gas well under a permit; (4) TCEQ would review and approve plugging plans included in the grant applications since water wells fall outside RRC's jurisdiction; (5) If RRC were to receive a grant from TCEQ to plug a well, RRC staff time and other related costs would be covered by any grant; (6) TCEQ would require 2.0 FTEs funded through General Revenue-Dedicated Water Resource Management Account No. 153 to implement the provisions of the bill; and (7) General Revenue funds would be required to provide grants through the program established by the bill because General Revenue-Dedicated Water Resource Management Account No. 153 is not eligible to be used for this purpose.

Based on information provided by TCEQ, this analysis assumes program costs for TCEQ apart from grant funding would be paid from General Revenue-Dedicated Water Resource Management Account No. 153. In fiscal year 2024, $210,000 would be required to procure a contract to build a new module in the Internal Data Application to support grant tracking and administration. Beginning in fiscal year 2025, 1.0 Geoscientist III (B24) and 1.0 Grant Specialist III (B21) would be necessary to implement the provisions of the bill with a cost of $224,399 in fiscal year 2025 and $214,399 in subsequent fiscal years. Costs that would be realized each fiscal year beginning in fiscal year 2025 would include salary costs of $156,531; agency payroll costs of $2,348; associated benefit costs of $47,476; and general operating costs of $10,392. Initial costs in fiscal year 2025 for the new staff computers, furniture, and equipment would total $10,000.

Based on information provided by the RRC, this analysis assumes the agency could absorb costs associated with assisting TCEQ to implement the provisions of the bill if grant funding would be provided at an amount less than $5,000,000 each fiscal year. If the grant program would be funded with more than $5,000,000 each fiscal year, it is assumed that RRC would need 1.0 License and Permit Specialist III (B16) at a total cost of $82,265 each fiscal year 2024 through 2028 from General Revenue. These costs would include a salary of $51,024; agency payroll costs of $765; associated benefit costs of $15,476; and operating costs of $15,000 each fiscal year. In addition, this analysis does not assume that RRC would not be reviewing and approving well plugging plans. If RRC were to review and approve plans, it is assumed that additional staff and FTEs would be necessary in amounts dependent on the number of plans that would be reviewed.

This analysis assumes the cost to the General Revenue Fund for water well plugging grants cannot be determined because the funding that would be provided is unknown. Additionally, the number of water wells that would be plugged in a fiscal year cannot be determined because the amount of funding that would be available for this purpose is unknown and the the number of eligible water wells, their location, depth, and complexity is also unknown.

Local Government Impact

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

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality

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