

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 17, 2023

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB624 by Kolkhorst (relating to the permitting of renewable energy generation facilities by the Public Utility Commission of Texas; authorizing fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB624, Committee Report 1st House, Substituted : an impact of \$0 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	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from Game, Fish, Water Safety Act 9</i>	<i>Probable (Cost) from Game, Fish, Water Safety Act 9</i>	<i>Probable Revenue Gain/(Loss) from New General Revenue Dedicated Renewable Energy Generation Facility Cleanup Fund</i>	<i>Probable (Cost) from New General Revenue Dedicated Renewable Energy Generation Facility Cleanup Fund</i>
2024	\$1,147,219	(\$1,147,219)	\$986,951	(\$986,951)
2025	\$446,446	(\$446,446)	\$986,951	(\$986,951)
2026	\$447,711	(\$447,711)	\$986,951	(\$986,951)
2027	\$354,469	(\$354,469)	\$986,951	(\$986,951)
2028	\$355,417	(\$355,417)	\$986,951	(\$986,951)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	13.0
2025	13.0
2026	13.0
2027	13.0
2028	13.0

Fiscal Analysis

This bill would amend Chapter 35 of the Utilities Code to add Subchapter F regarding permits for renewable energy generation facilities.

The bill would require operators of a wind or solar power facility to obtain a permit from the Public Utility Commission (PUC). In addition to a permit, the bill would require an operator to apply for and obtain PUC approval prior to constructing a new wind or solar power facility. The bill would impose an annual environmental impact fee on each permit holder. The amount of the fee would be determined by the PUC.

The bill would create the renewable energy generation facility cleanup fund as a dedicated account in the General Revenue fund. The fund would consist of an environmental impact fee established by the bill, gifts, grants, donations, and legislative appropriations.

The bill would allow PUC to execute agreements with the United States Environmental Protection Agency (EPA) or any other federal agency that administers programs providing federal cooperation, assistance, grants, or loans for research, development, investigation, training, planning, studies, programming, or construction related to methods, procedures, mitigation, and facilities for the removal of renewable energy generation facilities. The PUC may accept federal funds for these purposes and for other purposes consistent with the objectives of this subchapter and may use the funds as prescribed by law or as provided by agreement.

The bill would amend the Parks and Wildlife Code to require the Texas Parks and Wildlife Department (TPWD), in coordination with PUC, to monitor records and report on environmental impacts created by permitted facilities; conduct wildlife assessments around permitted facilities; and provide PUC with other information about the operation of permitted facilities.

The bill would require PUC, by rule, to adopt a system for providing an environmental impact review to an applicant for a renewable energy generation facility permit. This system should provide criteria for TPWD to evaluate the environmental impact of a proposed renewable energy generation facility and a method to score the environmental impact as well as including the applicant's commitment to and planned implementation of avoidance and minimization measures to conserve natural resources

The bill would allow TPWD to impose a fee for providing the environmental impact review, in an amount sufficient to cover the agency's costs of implementing provision of the bill.

The bill would take effect September 1, 2023.

Methodology

Based on the analysis of the PUC, this estimate assumes that the PUC would require 9.0 additional full time equivalent (FTE) positions to implement the provision of the bill. An additional five Attorney III positions (\$90,000 per year with estimated benefits of \$27,297) would be needed for rulemaking which is anticipated to continue over a 5-year period. An additional Legal Assistant III position (\$60,000 per year with estimated benefit cost of \$18,198) would be needed to support the attorneys in rule making. An additional three Engineer III positions (\$75,000 per year with estimated benefits of \$22,748) would be needed to conduct analysis. The annual cost to PUC for these costs would be \$986,951 per fiscal year.

Under the bill's provisions, the Renewable Energy Generation Facility Cleanup Fund would be established as a General Revenue-Dedicated account with eligible uses to include covering expenses necessary to implement the bill's provisions and to which would be deposited revenue generated through a new Environmental Impact Fee, which the bill establishes and requires to be administered by the PUC. The bill would require the agency to take into consideration various factors when determining the fee amount which would include amounts sufficient to cover the costs for administering the bill's provisions. For purposes of this analysis, this estimate assumes that the PUC would establish a rate for this new fee at an amount sufficient to cover the agency's annual costs of \$986,951 per fiscal year as identified above with revenue deposited to the credit of the new General Revenue-Dedicated account Renewable Energy Generation Facility Cleanup Fund.

TPWD anticipates and this estimate assumes that the agency would require 4.0 additional full time equivalent (FTE) positions to implement the provision of the bill between fiscal years 2024 and 2026, and 3.0 FTEs in subsequent fiscal years. Three Natural Resource Specialist IV (\$70,490 in fiscal years 2024-2025 with an increase salary to \$70,730 starting in fiscal year 2026 and \$21,379 in estimated benefits) and one Program Supervisor VI (\$80,001 in fiscal year 2024-2025 with an increase salary to \$80,241 starting in fiscal year 2026 and \$24,264 in estimated benefits) would be needed to provide impact assessments and scores to facilitate permit requirements for PUC. The initial start up cost for TPWD to implement the provision of the bill would be \$1,147,219 in fiscal year 2024 with an annual cost of \$446,446 starting in fiscal year 2025.

Under the bill's provisions, TPWD would assess a fee beginning in fiscal year 2024 to cover costs of implementing the provision of the bill. For purposes of this analysis, this estimate assumes that the fee amount set by TPWD would be sufficient to cover these costs with revenue deposited to the credit of the Game, Fish, Water Safety Account Fund 9.

Note: This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

Technology

This estimate anticipates a technology impact of \$18,000 in start-up equipment for new FTEs for the PUC and a technology impact of \$625,000 to develop a system of record for tracking and application management for the required permits as stated in the bill, and \$40,000 for a yearly maintenance fee for the TPWD.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 802 Parks and Wildlife Department

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