

SENATE AMENDMENTS

2nd Printing

By: Murr

H.B. No. 4256

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a grant program to plug leaking water wells in certain counties; making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 28, Water Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. LEAKING WATER WELLS GRANT PROGRAM

Sec. 28.101. DEFINITIONS. In this subchapter:

(1) "District" means a district or authority created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that has the authority to regulate the spacing of water wells, the production of water wells, or both.

(2) "Fund" means the leaking water wells fund created under Section 28.103.

(3) "Program" means the leaking water wells program established under Section 28.104.

Sec. 28.102. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a district in a county that:

(1) has a population of 16,000 or less; and

(2) is adjacent to at least seven counties with populations of less than 15,000.

Sec. 28.103. LEAKING WATER WELLS FUND. (a) The leaking water wells fund is created as a fund in the state treasury outside the general revenue fund.

1 (b) The fund consists of:

2 (1) money appropriated, credited, or transferred to
3 the fund by the legislature;

4 (2) gifts or grants contributed to the fund; and

5 (3) interest earned on deposits and investments of the
6 fund.

7 (c) Interest earned on money deposited to the credit of the
8 fund is exempt from Section 404.071, Government Code. Interest
9 earned on money in the fund shall be retained in the fund.

10 (d) The fund may be used only to implement the program
11 established under Section 28.104, including the costs of program
12 administration and operation.

13 Sec. 28.104. LEAKING WATER WELLS PROGRAM. The commission
14 shall establish and administer the leaking water wells program to
15 plug leaking water wells. Under the program, the commission shall
16 provide grants to districts for eligible projects to offset the
17 cost of plugging leaking water wells.

18 Sec. 28.105. APPLICATION FOR GRANT. (a) A district may
19 apply for and receive a grant for an eligible project under the
20 program.

21 (b) An application for a grant under this subchapter must be
22 made on a form provided by the commission and must contain the
23 information required by the commission.

24 Sec. 28.106. ELIGIBILITY OF PROJECTS FOR GRANTS;
25 PRIORITIZATION. (a) To be eligible for a grant for a project, a
26 district must:

27 (1) demonstrate that the project includes a leaking

1 water well:

2 (A) that:

3 (i) is located within 2,000 feet of a
4 drinking water well, a water well for livestock or irrigation, or a
5 sensitive wildlife area; or

6 (ii) has seasonal or annual flow to the
7 surface, or a hydrological connection to surface water, including a
8 waterway, intermittent stream, or springs system; and

9 (B) of which:

10 (i) the plug, casing, completion interval,
11 or general integrity is known by the district to be deficient; or

12 (ii) the completion interval is
13 sufficiently proximate to other known intervals or pressurized
14 zones with high concentrations of salinity, chlorides, sulfides, or
15 other hazardous or toxic components;

16 (2) obtain any necessary approval from a surface owner
17 for access to the property where the leaking water well is located;
18 and

19 (3) as necessary and subject to Subsection (b), engage
20 in a bid process to select and hire a contractor or subcontractor to
21 perform the work.

22 (b) Notwithstanding any other law, a contract for work on a
23 project for which a grant is provided under the program:

24 (1) must be awarded to a contractor or subcontractor
25 selected from a list of approved well pluggers maintained by the
26 Railroad Commission of Texas; and

27 (2) may be awarded to the contractor or subcontractor

1 whose bid or proposal the recipient of the grant determines
2 provides the best value for the recipient based on the selection
3 criteria published by the recipient.

4 (c) The commission by rule shall establish criteria for
5 prioritizing projects eligible to receive a grant under the
6 program.

7 Sec. 28.107. RESTRICTION ON USE OF GRANT. (a) A recipient
8 of a grant provided under the program may use the grant only to pay
9 the cost of the project for which the grant is provided. A recipient
10 may not use the grant to pay administrative costs associated with
11 the project.

12 (b) A leaking water well plugged under the program must be
13 permanently plugged. The commission, in consultation with the
14 Railroad Commission of Texas, shall establish criteria for ensuring
15 that a well is permanently plugged.

16 (c) The amount of a grant provided under the program that is
17 not spent for the completion of a project must be returned to the
18 commission for deposit to the credit of the fund.

19 SECTION 2. The amount of \$40 million is appropriated from
20 the general revenue fund to the comptroller of public accounts for
21 the purpose of transferring that amount immediately to the credit
22 of the leaking water wells fund, as created by this Act.

23 SECTION 3. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2023.

ADOPTED

MAY 23 2023

By: Blanco

Latey Law
Secretary of the Senate H.B. No. 4256

Substitute the following for __.B. No. _____:

By: J. J. Hay

C.S. __.B. No. _____

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1 AN ACT

2 relating to the establishment of a grant program to plug leaking
3 water wells in certain counties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 28, Water Code, is amended by adding
6 Subchapter E to read as follows:

7 SUBCHAPTER E. LEAKING WATER WELLS GRANT PROGRAM

8 Sec. 28.101. DEFINITIONS. In this subchapter:

9 (1) "District" means a district or authority created
10 under Section 52, Article III, or Section 59, Article XVI, Texas
11 Constitution, that has the authority to regulate the spacing of
12 water wells, the production of water wells, or both.

13 (2) "Fund" means the leaking water wells fund created
14 under Section 28.103.

15 (3) "Program" means the leaking water wells program
16 established under Section 28.104.

17 Sec. 28.102. APPLICABILITY OF SUBCHAPTER. This subchapter
18 applies only to a district in a county that:

19 (1) has a population of 16,000 or less; and

20 (2) is adjacent to at least seven counties with
21 populations of less than 15,000.

22 Sec. 28.103. LEAKING WATER WELLS FUND. (a) The leaking
23 water wells fund is created as a fund in the state treasury outside
24 the general revenue fund.

1 (b) The fund consists of:

2 (1) money appropriated, credited, or transferred to
3 the fund by the legislature;

4 (2) gifts or grants contributed to the fund; and

5 (3) interest earned on deposits and investments of the
6 fund.

7 (c) Interest earned on money deposited to the credit of the
8 fund is exempt from Section 404.071, Government Code. Interest
9 earned on money in the fund shall be retained in the fund.

10 (d) The fund may be used only to implement the program
11 established under Section 28.104, including the costs of program
12 administration and operation.

13 Sec. 28.104. LEAKING WATER WELLS PROGRAM. The commission
14 shall establish and administer the leaking water wells program to
15 plug leaking water wells. Under the program, the commission shall
16 provide grants to districts for eligible projects to offset the
17 cost of plugging leaking water wells.

18 Sec. 28.105. APPLICATION FOR GRANT. (a) A district may
19 apply for and receive a grant for an eligible project under the
20 program.

21 (b) An application for a grant under this subchapter must be
22 made on a form provided by the commission and must contain the
23 information required by the commission.

24 Sec. 28.106. ELIGIBILITY OF PROJECTS FOR GRANTS;
25 PRIORITIZATION. (a) To be eligible for a grant for a project, a
26 district must:

27 (1) demonstrate that the project includes a leaking

1 water well:

2 (A) that:

3 (i) is located within 2,000 feet of a
4 drinking water well, a water well for livestock or irrigation, or a
5 sensitive wildlife area; or

6 (ii) has seasonal or annual flow to the
7 surface, or a hydrological connection to surface water, including a
8 waterway, intermittent stream, or springs system; and

9 (B) of which:

10 (i) the plug, casing, completion interval,
11 or general integrity is known by the district to be deficient; or

12 (ii) the completion interval is
13 sufficiently proximate to other known intervals or pressurized
14 zones with high concentrations of salinity, chlorides, sulfides, or
15 other hazardous or toxic components;

16 (2) obtain any necessary approval from a surface owner
17 for access to the property where the leaking water well is located;
18 and

19 (3) as necessary and subject to Subsection (b), engage
20 in a bid process to select and hire a contractor or subcontractor to
21 perform the work.

22 (b) Notwithstanding any other law, a contract for work on a
23 project for which a grant is provided under the program:

24 (1) must be awarded to a contractor or subcontractor
25 selected from a list of approved well pluggers maintained by the
26 Railroad Commission of Texas; and

27 (2) may be awarded to the contractor or subcontractor

1 whose bid or proposal the recipient of the grant determines
2 provides the best value for the recipient based on the selection
3 criteria published by the recipient.

4 (c) The commission by rule shall establish criteria for
5 prioritizing projects eligible to receive a grant under the
6 program.

7 Sec. 28.107. RESTRICTION ON USE OF GRANT. (a) A recipient
8 of a grant provided under the program may use the grant only to pay
9 the cost of the project for which the grant is provided. A recipient
10 may not use the grant to pay administrative costs associated with
11 the project.

12 (b) A leaking water well plugged under the program must be
13 permanently plugged. The commission, in consultation with the
14 Railroad Commission of Texas, shall establish criteria for ensuring
15 that a well is permanently plugged.

16 (c) The amount of a grant provided under the program that is
17 not spent for the completion of a project must be returned to the
18 commission for deposit to the credit of the fund.

19 SECTION 2. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2023.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

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.), **As Passed 2nd House**

The fiscal impact cannot be determined because the amount that would be made available to capitalize the Leaking Water Wells Fund, the interest or investment earnings that would earned and retained in the fund, 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.

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 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.

Based on information provided by TEQ, the amount of wells that would need plugging in the area defined by the bill is unknown. The fiscal impact cannot be determined because the amount that would be made available to capitalize the Leaking Water Wells Fund, the interest or investment earnings that would earned and retained in the fund, 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.

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 if a significant amount was deposited to the credit of the fund. If the fund were capitalized, TCEQ has reported that it 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 ongoing 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.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JMc, SD, KK, MW, DKN

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 21, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

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.), **Committee Report 2nd House, Substituted**

The fiscal impact cannot be determined because the amount that would be made available to capitalize the Leaking Water Wells Fund, the interest or investment earnings that would be earned and retained in the fund, 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.

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Based on information provided by TCEQ, the amount of wells that would need plugging in the area defined by the bill is unknown. The fiscal impact cannot be determined because the amount that would be made available to capitalize the Leaking Water Wells Fund, the interest or investment earnings that would be earned and retained in the fund, 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.

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Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JMc, KK, MW, DKN

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 17, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

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.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4256, As Engrossed : 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, DKN, SD, KDw, MW, CMA

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

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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	\$0
2025	(\$19,500,000)
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Economic Stabilization Fund 599	Probable Revenue Gain from Leaking Water Wells Fund	Probable Savings/(Cost) from Leaking Water Wells Fund
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>	Change in Number of State Employees from FY 2023
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

LBB Staff: JMc, KDw, MW, DKN