

BILL ANALYSIS

Senate Research Center
89R31991 ANG-D

C.S.H.B. 3866
By: Landgraf (Sparks)
Natural Resources
5/21/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In June 2024, a massive fire broke out at a chemical container site in northern Ector County, dangerously close to an established residential area. The fire, fueled by the chemical residue inside the containers, burned for weeks, releasing harmful substances into the air and contaminating the groundwater that nearby families depend on. Some residents were forced to evacuate their homes for over a month due to health and safety concerns.

Currently, facilities like the one that burned in northern Ector County, which store large numbers of empty chemical containers—or totes—on a single lot, face minimal to no regulation, posing significant risks when located near residential areas.

H.B. 3866 seeks to address this issue by prohibiting intermediate bulk container recycling facilities that store more than 50 intermediate bulk containers at a time from operating within 2,000 feet of a private residence. To enforce this restriction, the bill requires that all such facilities be registered with the Texas Commission on Environmental Quality (TCEQ) and undergo inspections every three years to ensure compliance with the provisions of the bill and all other laws under the jurisdiction of TCEQ.

The committee substitute for H.B. 3866 includes a grandfather clause allowing existing intermediate bulk container recycling facilities within 2,000 feet of a residence to delay registration until March 31, 2027, if they began operating before March 1, 2027. It also adds a fiscal provision stating that the Texas Commission on Environmental Quality must implement the law only if funding is appropriated.

C.S.H.B. 3866 amends current law relating to the installation and operation of intermediate bulk container recycling facilities and authorizes a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission of Environmental Quality in SECTION 3 (Section 26.3445, Water Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Subchapter I, Chapter 26, Water Code, to read as follows:

SUBCHAPTER I. UNDERGROUND AND ABOVEGROUND STORAGE

SECTION 2. Amends Section 26.341(b), Water Code, to provide that the legislature declares that it is the policy of this state and the purpose of this subchapter to fulfill certain duties, including ensuring that intermediate bulk container recycling facilities, as defined by Section 26.3445, are not located close to private residences, and to make nonsubstantive changes.

SECTION 3. Amends Subchapter I, Chapter 26, Water Code, by adding Section 26.3445, as follows:

Sec. 26.3445. LOCATION OF INTERMEDIATE BULK CONTAINER RECYCLING FACILITY. (a) Defines "intermediate bulk container" and "intermediate bulk container recycling facility."

(b) Provides that this section applies only to an intermediate bulk container regulated by the Pipeline and Hazardous Materials Safety Administration.

(c) Prohibits a person from installing or operating an intermediate bulk container recycling facility within 2,000 feet of a private residence.

(d) Requires an owner of an intermediate bulk container recycling facility to register the facility with the Texas Commission on Environmental Quality (TCEQ) not later than the 30th day before the date the facility begins receiving intermediate bulk containers.

(e) Requires TCEQ, at least once every three years, to conduct on-site inspections of intermediate bulk container recycling facilities registered under this section to determine compliance with laws under the jurisdiction of TCEQ.

(f) Requires TCEQ by rule to impose an annual fee for registering an intermediate bulk container recycling facility under this section in an amount sufficient to cover the reasonable costs of administering the registration program, including costs associated with implementing the registration program and inspecting registered facilities.

(g) Requires that a fee received by TCEQ under this section be deposited to the general revenue fund to the credit of the water resource management account. Authorizes fees deposited under this section to be appropriated only for purposes of this section.

(h) Provides that a facility is exempt from the application of this section if the facility does not stage, store, or process more than 50 intermediate bulk containers at any time.

(i) Provides that this section does not limit the authority of a municipality to adopt an ordinance prohibiting the operation of an intermediate bulk container recycling facility within 2,000 feet of a private residence.

SECTION 4. (a) Makes application of this Act prospective.

(b) Provides that, subject to Subsection (a) of this section and notwithstanding Section 26.3445, Water Code, as added by this Act, an owner of an intermediate bulk container recycling facility, as defined by Section 26.3445(a), Water Code, as added by this Act, that begins receiving intermediate bulk containers before March 1, 2027, is not required to register the facility before March 31, 2027.

SECTION 5. Provides that TCEQ is required to implement this Act only if the legislature appropriates money specifically for that purpose. Authorizes, but does not require, TCEQ, if the legislature does not appropriate for that purpose, to implement this Act using other appropriations available to TCEQ for that purpose.

SECTION 6. Effective date: September 1, 2025.