

BILL ANALYSIS

S.B. 1758
By: Birdwell
Environmental Regulation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee of concerns regarding the operation of cement kilns, including associated aggregate production operations, and semiconductor wafer manufacturing facilities in proximity to one another, particularly in areas such as Grayson County where both industries find favorable conditions for site location. S.B. 1758 seeks to address these concerns by providing for a pilot program in Grayson County for the study of this issue. Additionally, based on the critical need for aggregate materials and the stationary nature of the natural resources produced for the materials, the bill creates a limitation of liability for damages to a semiconductor wafer manufacturing facility resulting from seismic or vibrational disturbances caused by activities on the site of certain cement or aggregate production facilities in operation before the date the manufacturing facility began operating.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Cement or Aggregate Production and Semiconductor Wafer Manufacturing Facility

S.B. 1758 amends the Health and Safety Code to exempt an owner or operator of a facility operating under a new source review permit issued under the Texas Clean Air Act that authorizes the operation of a portland cement kiln, or the production of aggregates at an aggregate production operation, from liability for damages to a semiconductor wafer manufacturing facility resulting from seismic or vibrational disturbances caused by the cement or aggregate production facility owner's or operator's activities on the site of the cement or aggregate production facility if the cement or aggregate production facility began operating before the date the semiconductor wafer manufacturing facility began operating. This limitation of liability applies only to a cause of action that accrues on or after the bill's effective date. A cause of action that accrues before such date is governed by the law applicable to the cause of action immediately before the bill's effective date, and that law is continued in effect for that purpose.

Cement or Aggregate Production and Semiconductor Wafer Manufacturing Facility Pilot Program: Grayson County

S.B. 1758 sets out provisions relating to a cement or aggregate production and semiconductor wafer manufacturing facility pilot program in Grayson County that are set to expire September 1, 2031, and that are applicable only to the following:

- a semiconductor wafer manufacturing facility that begins commercial operation after January 1, 2025, and before December 31, 2025; and
- a facility that:
 - is proposed to be constructed under or is operating under a new source review permit that authorizes the construction or operation of a portland cement kiln; and
 - is associated with a facility that produces aggregates at an aggregate production operation.

S.B. 1758 requires the Bureau of Economic Geology of The University of Texas at Austin to conduct a study, in consultation with owners or operators of aforementioned facilities in Grayson County, to do the following:

- analyze seismological data related to aggregate production operations;
- assess the vibrational impact of the production of aggregates on bedrock;
- analyze vibrational parameters necessary to ensure the successful operation of a semiconductor wafer manufacturing facility within 10 miles of a facility that is proposed to be constructed under or is operating under a new source review permit that authorizes the construction or operation of a portland cement kiln and is associated with a facility that produces aggregates at an aggregate production operation; and
- investigate whether a minimum distance between a semiconductor wafer manufacturing facility and the other type of applicable facility is necessary to prevent seismic or vibrational disruption to the operation of the semiconductor wafer manufacturing facility, considering the depth of the excavation activities conducted for the production of aggregates.

The bill authorizes the bureau to do the following in conducting the study:

- collaborate with the following entities:
 - the Texas Commission on Environmental Quality (TCEQ) and any other state agency, political subdivision, or institution of higher education; and
 - any other stakeholder or private entity as necessary; and
- enter into a nondisclosure agreement with a private entity.

The bill authorizes the bureau to accept gifts, grants, and other donations for the purposes of conducting the study, in addition to money appropriated by the legislature to the bureau for that purpose. The bill requires the bureau, not later than August 1, 2026, to prepare and submit to the governor, the lieutenant governor, the speaker of the house of representatives, and each standing legislative committee with primary jurisdiction over the environment or natural resources a report on the study's results and any recommendations for legislative or other action.

S.B. 1758 prohibits the TCEQ from issuing, renewing, or amending a permit or authorizing the use of a standard permit or a permit by rule under the Texas Clean Air Act for the construction or operation of an applicable cement and aggregate-associated facility within 10 miles of an applicable semiconductor wafer manufacturing facility in Grayson County.

Definitions

S.B. 1758 defines the following:

- "aggregate production operation" by reference to Water Code provisions relating to the registration and inspection of certain aggregate production operations;
- "portland cement kiln" as a system, including any solid, gaseous, or liquid fuel combustion equipment, used to calcine and fuse raw materials, including limestone and clay, to produce portland cement clinker; and
- "semiconductor wafer manufacturing facility" as a manufacturing facility that conducts any of the following processes with respect to semiconductor production:
 - growing single-crystal ingots or boules;
 - wafer slicing;
 - etching and polishing;
 - bonding;

- cleaning;
- epitaxial deposition; or
- metrology.

Severability Provision

S.B. 1758 establishes that, if any provision of the bill or its application to any person or circumstance is held invalid, the invalidity does not affect the other provisions or applications of the bill that can be given effect without the invalid provision or application, and to this end the provisions of the bill are severable.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.