

AN ACT

relating to permit application review and contested case procedures for environmental permits involving a project to construct or modify a liquefied natural gas export terminal; authorizing a fee.

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

SECTION 1. Section 5.555, Water Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) With respect to a permit application filed with the commission for a project to construct or modify a liquefied natural gas export terminal or a renewal of that permit, the executive director shall provide each response required by Subsection (a) not later than the 120th day after the close of the public comment period.

SECTION 2. Subchapter M, Chapter 5, Water Code, is amended by adding Section 5.559 to read as follows:

Sec. 5.559. PROCEDURES FOR PERMIT APPLICATION REVIEW AND CONTESTED CASES INVOLVING PROJECT TO CONSTRUCT OR MODIFY LIQUEFIED NATURAL GAS EXPORT TERMINAL. (a) This section applies only to a permit application filed with the commission for a project to construct or modify a liquefied natural gas export terminal.

(b) The commission by rule shall establish an expedited permit application review process for permit applications described by Subsection (a). Rules adopted under this subsection must require an applicant who elects the expedited permit

1 application review process to pay an additional fee in an amount the
2 commission determines is necessary to cover the costs of the
3 expedited review. The additional fee collected pursuant to this
4 subsection is considered part of the application fee and shall be
5 deposited and used in the manner provided for the application fee.

6 (c) The commission may authorize the use of overtime,
7 full-time equivalent commission employees to support the expedited
8 processing of permit applications under Subsection (b), or contract
9 labor to process those expedited applications. The overtime,
10 full-time equivalent commission employees, or contract labor
11 authorized under this subsection is not included in the calculation
12 of the number of full-time equivalent commission employees allotted
13 under other law.

14 (d) The commission may pay for compensatory time, overtime,
15 full-time equivalent commission employees supporting the expedited
16 processing of permit applications under Subsection (b), or contract
17 labor used to implement that subsection. The commission is
18 authorized to set the rate for overtime compensation for full-time
19 equivalent commission employees supporting the expedited
20 processing of permit applications under Subsection (b).

21 (e) In a request for a contested case hearing involving a
22 permit application described by Subsection (a), the party
23 requesting the hearing must specify each reason the party is an
24 affected person as defined by Section 5.115(a).

25 (f) In a contested case involving a permit application
26 described by Subsection (a), an administrative law judge shall
27 conduct a preliminary hearing not later than the 60th day after the

1 date the executive director refers the application to the State
2 Office of Administrative Hearings, provided that the judge may
3 grant one extension of the time, not to exceed 15 days, on request
4 of any party.

5 (g) The commission shall adopt rules as necessary to
6 implement this section.

7 SECTION 3. Section 382.056, Health and Safety Code, is
8 amended by amending Subsection (n) and adding Subsection (n-1) to
9 read as follows:

10 (n) Except as provided by Section 382.0561, the commission
11 shall consider a request that the commission reconsider the
12 executive director's decision or hold a contested case ~~[public]~~
13 hearing in accordance with the procedures provided by Sections
14 5.556 and 5.557, Water Code.

15 (n-1) With respect to a permit application filed with the
16 commission under Section 382.0518 for a project to construct or
17 modify a liquefied natural gas export terminal or for renewal of a
18 permit issued to a liquefied natural gas export terminal under
19 Section 382.055:

20 (1) the requirements of Section 5.559, Water Code,
21 apply;

22 (2) the commission shall adopt rules as necessary to
23 implement Subdivision (1); and

24 (3) the executive director shall provide each response
25 required by Subsection (1) not later than the 120th day after the
26 close of the public comment period.

27 SECTION 4. The change in law made by this Act applies only

1 to a permit application for a project to construct or modify a
2 liquefied natural gas export terminal or a renewal of that permit
3 that is filed with the Texas Commission on Environmental Quality on
4 or after the effective date of this Act. A permit application for a
5 project to construct or modify a liquefied natural gas export
6 terminal or a renewal of that permit that is pending on the
7 effective date of this Act is governed by the law in effect at the
8 time the application was filed, and the former law is continued in
9 effect for that purpose.

10 SECTION 5. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2037 passed the Senate on April 24, 2025, by the following vote: Yeas 29, Nays 2; and that the Senate concurred in House amendments on May 26, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2037 passed the House, with amendments, on May 21, 2025, by the following vote: Yeas 109, Nays 29, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor