

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 22, 2025

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2584** by Landgraf (Relating to the authority of the Texas Commission on Environmental Quality to issue permits for the land application of water produced from certain mining and oil and gas extraction operations.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2584, As Introduced: an impact of \$0 through the biennium ending August 31, 2027.

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>
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from Water Resource Management 153</i>	<i>Probable Revenue Gain from Environmental Testing Lab Accred 5065</i>	<i>Probable (Cost) from Water Resource Management 153</i>	<i>Probable (Cost) from Environmental Testing Lab Accred 5065</i>
2026	\$0	\$464,000	(\$1,261,666)	(\$95,452)
2027	\$25,000	\$464,000	(\$1,110,866)	(\$86,952)
2028	\$87,500	\$464,000	(\$1,110,866)	(\$86,952)
2029	\$125,000	\$464,000	(\$1,110,866)	(\$86,952)
2030	\$162,500	\$464,000	(\$1,110,866)	(\$86,952)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	13.0
2027	13.0
2028	13.0
2029	13.0
2030	13.0

**Fiscal Analysis**

The bill would transfer permitting authority for land application permits of produced water that has been treated for beneficial use from the Railroad Commission of Texas (RRC) to the Texas Commission on Environmental Quality (TCEQ). The bill would also require TCEQ to adopt standards for the land application of treated produced water, including standards that prevent pollution of surface water and groundwater.

The changes required by the bill would only apply to a permit application filed on or after the effective date of bill. The bill would take effect September 1, 2025.

**Methodology**

This analysis and the tables above reflect the fiscal impact based on information provided by RRC and TCEQ.

The RRC assumes there would be no changes in application and filing fee revenue collections due to implementing the provisions of the bill. In addition, the RRC does not anticipate that it would incur any additional costs or realize any cost savings from implementing the provisions of the bill.

Based on information provided by TCEQ, this analysis assumes that TCEQ would need to establish a new permitting program specific to these applications with additional staff to manage the following: administering the program, providing technical and regulatory assistance, conducting investigations, responding to complaints, providing public participation opportunities, accrediting laboratories, conducting emergency response activities as necessary, and assisting with enforcement-related activities as necessary.

The anticipated revenue gain to General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) is based on the analysis of TCEQ and anticipates permit fees and water quality fees, which would be collected under existing authority in Texas Water Code Sections 5.701 and 26.0291. TCEQ assumes no Texas Land Application Permits (TLAPs) would be received in fiscal year 2026, ten in fiscal year 2027, and thirty per year from fiscal years 2028 to 2030. TCEQ anticipates the application fee rates for these state permits would be \$1,250 to obtain a new or amended permit and \$1,215 for a renewed permit. Additionally, it is assumed that an annual water quality fee for each permit would vary based on levels of discharge flow and pollutant concentrations, but that the minimum annual water quality fee for an industrial wastewater land application permit would be \$1,250.

The anticipated revenue gain to General Revenue-Dedicated Environmental Testing Accreditation Account No. 5065 (Account No. 5065) is based on receiving fee revenue from laboratories that would choose to pursue accreditation or expand existing accreditation already maintained with TCEQ in Texas Water Code Chapter 5, Subchapter R. Since produced water may contain chemicals that are not currently regulated, TCEQ assumes new fields of accreditation would be developed and added to TCEQ's Laboratory Accreditation Program within TCEQ's Office of Air. The analysis assumes approximately 175 environmental laboratories currently accredited by TCEQ would add 7 to 10 new fields of accreditation to their existing accreditations set forth by Texas Administrative Code, Title 30, Chapter 25.

Based on information provided by TCEQ, it is assumed that 13.0 Full-Time Equivalent (FTE) positions would be needed to administer the program including: 3.0 Engineering Specialist III, 1.0 Engineer V, 1.0 Natural Resource Specialist III (Agronomist), 1.0 Geoscientist II, 1.0 Manager VI, 1.0 Attorney I, 1.0 Attorney II, 1.0 Attorney V, 1.0 Chemist IV, and 2.0 Environmental Investigator III.

Salary and wage costs for the 13.0 FTEs totals \$1,096,946 per fiscal year from 2026 to 2030. Other administrative and staff costs totals \$260,172 in fiscal year 2026 and \$100,872 from fiscal year 2027 to 2030, with capital costs for licenses, furniture, equipment, and the purchase of one vehicle for the program being one-time costs in fiscal year 2026 and totaling \$159,300.

TCEQ reports that it would utilize existing software systems to manage the new permitting program.

**Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 455 Railroad Commission, 582 Commission on Environmental Quality

**LBB Staff:** JMc, RStu, MW, AJL, TUf