

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 4, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2891 by Anchía (Relating to the imposition of administrative, civil, and criminal penalties for violating certain statutes under the jurisdiction of, rules or orders adopted by, or licenses, permits, or certificates issued by the Railroad Commission of Texas; increasing criminal penalties.), **As Introduced**

The fiscal implications of the bill cannot be determined due to the number of violations that would occur under the increased penalty structure, compliance behavior, enforcement discretion, and penalty adjustments based on the guidelines of the bill being 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 Natural Resources Code and the Water Code to increase administrative, civil, and criminal penalties for violations of laws, rules, orders, licenses, permits, and certificates under the jurisdiction of the Railroad Commission (RRC).

The bill would raise the maximum administrative penalty for certain violations not related to pipeline safety from an amount not to exceed \$10,000 for each day of violation to an amount not to exceed \$25,000 per day. Other penalties under the Natural Resources Code and Water Code would be increased, with certain fines rising from amounts not to exceed \$5,000 or \$10,000 to amounts not to exceed \$25,000 per day.

The bill would require the RRC to adopt penalty guidelines, including a calculation worksheet specifying typical penalties, factors for penalty adjustments, and deterrence measures. The guidelines would consider factors such as violation history, pollution severity, public hazards, economic benefits gained from violations, and the need for deterrence.

The bill would take effect September 1, 2025.

Based on the analysis of the Comptroller of Public Accounts, the fiscal implications of the bill cannot be determined because the number of violations that would occur under the increased penalty structure, compliance behavior, enforcement discretion, and penalty adjustments based on the guidelines of the bill are unknown.

Based on information from RRC and the Office of Court Administration, it is assumed that any costs associated with the bill could be absorbed using existing resources.

Local Government Impact

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

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 455 Railroad Commission

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