

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 2, 2025

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3866 by Landgraf (Relating to the installation and ownership of certain outdoor storage containers; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	\$8,476,681	(\$8,476,681)	66.0
2027	\$6,741,658	(\$6,741,658)	81.0
2028	\$6,741,658	(\$6,741,658)	81.0
2029	\$6,741,658	(\$6,741,658)	81.0
2030	\$6,741,658	(\$6,741,658)	81.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and ownership of certain outdoor storage containers.

The bill applies to specific outdoor storage containers that are defined as nonvehicular devices containing a regulated substance that are made of non-earthen material and are located on or above the surface of the ground and not inside a structure at a commercial facility. The bill prohibits the installation or operation of an outdoor storage container within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting installation or operation of a container more than 2,000 feet

from a private residence.

The bill would require owners of outdoor storage containers to register the containers with the Texas Commission on Environmental Quality (TCEQ) within thirty days of installation. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct annual on-site inspections of registered containers to determine compliance. The bill would require TCEQ to establish and impose registration fees in amounts sufficient to recover the costs of the program. The bill would exempt certain containers that meet specific conditions from these inspection and registration requirements, including containers already registered as an aboveground storage tank or storage vessel.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that revenue from fees established by TCEQ would be deposited to the General Revenue Fund. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 16,784 sites that would be subject to the requirements of the bill including: 1,300 chemical storage and manufacturing sites, 13,327 sites with aboveground storage facility registrations, and 2,157 public drinking water systems, although the exact number of containers that would be subject to the requirements of the bill is unknown at this time.

Based on information provided by TCEQ, it is assumed that 81.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting annual inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees. According to TCEQ, the 81.0 FTEs positions and associated costs would total \$8,476,681 in fiscal year 2026 and \$6,741,658 in fiscal year 2027. Four FTEs would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. The remainder of the FTEs would support the Office of Compliance and Enforcement in compliance, investigative, enforcement, and outreach purposes. The FTEs would include: fifteen Enforcement Coordinator II, fifty six Environmental Investigator II, six Natural Resource Specialist II, three Program Specialist II, and one Program Specialist IV. The fifteen Enforcement Coordinator II FTEs would begin in fiscal year 2027.

Salary and wage costs for the 81.0 FTEs totals \$3,854,975 in fiscal year 2026 and \$4,729,295 per fiscal year in fiscal years 2027 through 2030. Benefit costs total \$1,095,584 in fiscal year 2026 and \$1,344,066 per fiscal year in fiscal years 2027 through 2030. Other administrative and staff costs total \$3,526,122 in fiscal year 2026, \$668,297 in fiscal year 2027, and \$540,797 per fiscal year in fiscal years 2028 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$1,122,400 for purchase of approximately twenty three vehicles; \$121,500 for computers and software licenses; and \$567,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. Based on information provided by TCEQ, an estimated 2,157 public drinking water systems would be subject to the requirements of the bill and would be

be required to pay registration fees to TCEQ.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality
LBB Staff: JMc, FV, MW, AJL