

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 23, 2025

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3866 by Landgraf (relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, Committee Report 2nd House, Substituted: a negative impact of (\$859,279) 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	(\$859,279)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Water Resource Management 153</i>	<i>Probable Savings/(Cost) from Water Resource Management 153</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$859,279)	\$0	\$0	2.0
2027	\$0	\$167,279	(\$167,279)	2.0
2028	\$0	\$167,279	(\$167,279)	2.0
2029	\$0	\$167,279	(\$167,279)	2.0
2030	\$0	\$167,279	(\$167,279)	2.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the

operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025 and only apply to IBCRF's that began receiving IBC's on or after this date.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. 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 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 2.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting 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, at a one-time cost of \$675,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 2.0 FTEs positions and associated costs would total \$184,279 in General Revenue Funds in fiscal year 2026 and \$167,279 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. One Natural Resource Specialist II (Environmental Investigator II) would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 2.0 FTEs totals \$120,424 per fiscal year from 2026 through 2030. Benefit costs total \$34,224 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$704,631 in fiscal year 2026 and \$12,631 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$675,000 for professional services regarding information technology (IT) development; \$3,000 for computers and software licenses; and \$14,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$675,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, IDA, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, TUf, MW, AJL, FV, SD