

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 12, 2025**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4839** by Walle (relating to the development, promotion, and funding of certain recycling projects.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined because the amounts and timing of any appropriations; principal and interest from loan payments; and gifts, grants, or donations to the Texas Recycling Fund (TRF) are unknown at this time.

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 Health and Safety Code to create the Recycling Market Development Program (RMDP) administered by the Texas Commission on Environmental Quality (TCEQ), and create the Texas Recycling Fund (TRF) as a dedicated account in the General Revenue Fund to be used by TCEQ to administer the RMDP which would award grants and loans for recycling related projects. Within the RMDP, the bill would create the Recycling Innovation Grant Program (RIGP) and the Recycling Loan Program (RLP) to provide grants and loans from the TRF to entities that are providing a public benefit to the state through recycling-related research or projects. The bill would require TCEQ to appoint an the Recycling Market Advisory Council (RMAC) consisting of thirteen members from various industries and other relevant organizations that convenes at least twice annually to advise the RMDP.

The RMDP would be established to facilitate achieving economic benefits from using recycling materials as feedstock in manufacturing and processing, promote development of recycling infrastructure and technology, and to make policy recommendations to the TCEQ. A program administrator designated by the TCEQ would implement the RMDP by meeting the recycling-related requirements of: conducting research, overseeing and coordinating initiatives, making recommendations to TCEQ, identifying and applying to federal funding, and implementing and managing financial incentives including grants, loans, and tax credits.

The TRF would consist of appropriations, principal and interest from loan payments, and gifts, grants, and donations. The bill would prohibit TCEQ from imposing fees or penalties to be deposited to the credit of the TRF. The TRF may be used for the recycling-related purposes of: (1) administering the RMDP; (2) awarding grants and loans to business entities; (3) awarding grants to public institutions of higher education; (4) conducting research pilot projects; and (5) supporting implementation of a public education program.

The bill would require TCEQ by rule to establish the RIGP and RLP. The RIGP would be established to conduct research or invest in new recycling technologies. Projects eligible to receive RIGP grants would include: expanding recycling and sorting infrastructure, including pilot projects; expansions or upgrades of recycling equipment; promotion of development and improving services in rural communities in the state; addressing contamination of recyclable material; investing in processes or technology that make recycling more economically viable; and enhancing the marketability of recycled material. TCEQ would oversee RIGP grants to ensure eligibility and that the state receives a public benefit. RIGP grants may not exceed 50.0 percent of the amount of actual eligible costs incurred by the recipient within a timeframe established by TCEQ. The RLP would provide financial assistance for expenses needed in the development of recycling infrastructure and technology. TCEQ would oversee RLP loans to ensure eligibility and that the state receives a public benefit.

The bill would require that TCEQ establish by rule certain eligibility criteria that must be met by entities in order to receive a grant or loan from the RIGP or RLP.

The bill would require TCEQ to adopt rules and provide administrative support, staff, and facilities as necessary to administer the RMDP. The bill would require TCEQ to consult with the RMAC to update its recycled materials plan (RMP) every two years with recommendations to stimulate the use of recyclable materials. The bill would also add additional requirements to the RMP directing TCEQ to report on the results of RMDP research, the status of grants and loans, and policy recommendations. TCEQ would also be required to incorporate educational materials into its education program, as appropriate.

The bill would take effect on September 1, 2025, or immediately if it receives a vote of two-thirds of all the members elected to each house.

Estimated costs to implement the provisions of the bill to administer the RMDP, RIGP, and RLP would be subject to appropriations made to the TRF to capitalize the fund. Based on information provided by TCEQ, this analysis assumes TCEQ would need additional funding and staff to implement the provisions of the bill for: administering the RMDP, developing the recycled materials plan biannually, and for the development of an information technology (IT) tool and other purchases if funds were made available for the program. This analysis assumes that TCEQ would pay for costs to administer the RMDP from the TRF.

Based on information provided by TCEQ, an estimated 24.0 Full-Time Equivalent (FTE) positions and associated costs totaling \$2,832,492 in fiscal year 2026 and \$2,628,492 in fiscal year 2027 would provide staffing and administrative resources to provide grants and loans ranging from 25 to 50 projects. TCEQ did not include an estimated total amount of funding for the range of grant and loan projects in its analysis. It is assumed that total program funding including the amount available for grants and loans would be dependent on appropriations provided to capitalize the new fund. In its analysis, TCEQ assumed the FTEs would be part of a new team to administer the RMDP, RIGP, and RLP. FTEs would include: four Attorney III, two Contract Specialist II, two Contract Specialist IV, one Engineer III, one Engineering Specialist IV, one Grant Specialist III, two Information Specialist III, three Loan Specialist III, two Loan Specialist IV, five Natural Resource Specialist IV, and one Program Specialist II.

The analysis provided by TCEQ assumes salary and wage costs for the 24.0 FTEs would total \$1,918,254 per fiscal year from 2026 to 2030. Benefit costs would total \$545,168 per fiscal year from 2026 to 2030. Other administrative and staff costs would total \$368,340 in fiscal year 2026 and \$165,070 per fiscal year from 2027 to 2030. This estimate would include initial capital costs for licenses, furniture, and equipment in fiscal year 2026.

TCEQ estimates costs to update the RMP every two years would total \$500,000 and occur in fiscal years 2026, 2028, and 2030. Based on costs experienced with producing the current plan, it is assumed that staff resources would be used to oversee and review the development of the plan by a third-party contractor. Historically, TCEQ received appropriations from General Revenue-Dedicated Waste Management Account No. 549 (Account No. 549) totaling \$125,000 each fiscal year in the 2020-2021 biennium to produce a plan to stimulate the use of recyclable materials as feedstock in manufacturing in cooperation with the Texas Economic Development and Tourism Office. This analysis assumes a cost savings from Account No. 549 could be realized with costs to update the plan being paid from the TRF.

TCEQ estimates required technology costs would total \$210,000 in fiscal year 2026 and \$80,000 per fiscal year from 2027 to 2030. Based on estimated billing from existing third-party contractors, TCEQ assumes the technology costs in fiscal year 2026 would be for TCEQ to contract to develop an IT tool to provide an electronic grant application and approval system. According to TCEQ, the technology costs in fiscal years 2027 to 2030 would be to develop and maintain additional loan management software (\$60,000) and infrastructure servers and support (\$20,000).

Based on information provided by the Comptroller of Public Accounts, the fiscal impact cannot be determined because the amounts and timing of any appropriations; principal and interest from loan payments; and gifts, grants, or donations to the TRF are unknown at this time.

**Note:** This legislation would do one or more of the following: create or recreate a dedicated account in the

General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time. According to TCEQ, local and other governmental entities may benefit economically from the development of additional technologies, infrastructure, and markets for the use of recyclable materials.

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

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