

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 4, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB34 by Sparks (Relating to the preparation for and the prevention, management, and potential effects of wildfires and to emergency communications in this state; authorizing an increase in the assessment on certain insurers that fund the volunteer fire department assistance fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB34, As Engrossed: 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 (Cost) from <i>Oil & Gas Regulation</i> 5155	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$8,956,016)	29.0
2027	(\$6,749,026)	29.0
2028	(\$4,704,026)	29.0
2029	(\$4,704,026)	29.0
2030	(\$4,704,026)	29.0

Fiscal Analysis

The bill would modify the criteria for determining the annual assessment on property and casualty insurers. The bill would direct the Comptroller to assess property and casualty insurers the lesser of: 1) the amount appropriated in the General Appropriations Act (GAA) from GR Account 5064 – Volunteer Fire Department Assistance, excluding specific appropriations for contributions to the Texas Emergency Services Retirement System (TESRS); or 2) \$40.0 million. Under current law, the Comptroller is required to assess the lesser of: 1) the amount appropriated in the GAA from GR Account 5064, excluding specific appropriations for contributions to TESRS; or 2) \$30.0 million. From fiscal years 2015 to 2024 the maximum assessment was

\$25.8 million in fiscal year 2022. The amount and timing of any future appropriations are unknown, therefore, the fiscal impact of this provision cannot be determined.

The bill would also amend the Natural Resources Code to expand the requirements for an operator when constructing, operating, and maintaining an electrical power line serving a well site or other surface facility employed in operations incident to oil and gas development and production to include that the actions must be in accordance with rules established by the Public Utility Commission (PUC) if the operator would be a utility as defined by Utilities Code, Section 11.04 engaged in the maintenance of an electronic transmission and distribution system.

The bill would require the Railroad Commission (RRC) to notify the PUC and the operator within three days if a condition is discovered during an inspection that would involve an electrical power line, pole, or any other related electrical equipment that does not meet the new standards and poses a risk of causing a fire or injury to a person. The bill would require the PUC and RRC to collaborate and notify the landowner of the condition and inform the landowner of the actions the RRC and the PUC will take to resolve the condition in accordance with the requirements of the bill no later than 10 days after the PUC receives the notification.

The bill would require changes made to the Natural Resources code by the bill to apply to an inspection made on or after the effective date of the bill, which would be September 1 2025.

Methodology

According to the RRC, the provisions of the bill would require the agency to conduct inspections under both the National Electrical Code (NEC) and PUC maintenance rules for utilities in the TAC. The agency reports that PUC rules include more requirements for operators than the NEC which will expand the scope and effort of performing utility inspections. According to the RRC, additional staff would be required due to the shorter notification timeframes for electrical concern analysis, notifications, and PUC/RRC collaborative resolution decision making.

For the purposes of this analysis, the table above assumes General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 (GRD 5155) would be used to cover the cost of implementing the provisions of the bill. If revenue collections and the GRD 5155 fund balance should become insufficient to pay for all costs, this analysis assumes that General Revenue Funds would be used instead.

Based on information from RRC, this analysis assumes that the bill would require \$8,956,016 from General Revenue-Dedicated Account 5155 in fiscal year 2026, \$6,749,026 in fiscal year 2027, and \$4,704,026 in each fiscal year after. This includes \$2,137,874 each fiscal year for 29.0 FTEs: 8.0 FTEs to gather information from landowner complaints and RRC inspections, analyze the information, and develop solutions; 10.0 FTEs trained on PUC rules for inspections, documenting electrical concerns, and coordinating inspections with state fire marshals or local government officials; 8.0 FTEs for legal enforcements and hearings related to violations related to electrical concerns; and 3.0 FTEs for incorporating new requirements into existing IT systems.

This also includes \$763,490 in fiscal year 2026 for capital equipment (including \$329,490 for trucks), and \$434,000 in each year after for capital equipment; \$435,000 in fiscal year 2026 and \$217,500 in each fiscal year after for other operating expenses; \$607,584 in each fiscal year for employee benefits; and \$32,068 in each fiscal year for the agency payroll contribution. Finally, costs would also include \$4,980,000 in fiscal year 2026, \$3,320,000 in fiscal year 2027, and \$1,275,000 in each year after for IT development and maintenance costs. These would include modifications to the Oil and Gas Inspection, Compliance and Enforcement system to document and track violations and corrections, new external online functionality to allow reporting of sub-standard conditions, a new notification system to notify PUC and landowners, and modifications to the Hearings and Enforcement systems to accommodate new case types and track the process of violations and resolutions. Reporting features would also be needed to track electrical inspections, PUC coordination, and electric utility notification.

Based on information from Texas A&M Forest Service and Texas A&M University System Administration, it is assumed that any costs associated with conducting a wildfire study and creating and maintaining a statewide database of firefighting equipment could be absorbed using existing resources.

Technology

This analysis assumes that costs would include \$4,980,000 in fiscal year 2026, \$3,320,000 in fiscal year 2027, and \$1,275,000 in each year after for technology impact costs.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation, 455 Railroad Commission, 473 Public Utility Commission of Texas, 575 Texas Division of Emergency Management, 576 Texas A&M Forest Service, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JMc, WP, MW, JOc, CPo, FV, LBO