

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 27, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB819 by Kolkhorst (Relating to renewable energy generation facilities; authorizing fees.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB819, As Introduced: a negative impact of (\$874,274) 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	(\$874,274)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable (Cost) from <i>Game,Fish,Water Safety Ac 9</i>	Probable Revenue Gain/(Loss) from <i>Game,Fish,Water Safety Ac 9</i>	Probable (Cost) from <i>New General Revenue Dedicated Renewable Energy Generation Facility Cleanup Fund</i>
2026	(\$874,274)	(\$1,069,938)	\$1,069,938	\$0
2027	\$0	(\$374,547)	\$374,547	(\$2,464,321)
2028	\$0	(\$375,483)	\$375,483	(\$2,464,321)
2029	\$0	(\$263,654)	\$263,654	(\$2,464,321)
2030	\$0	(\$264,278)	\$264,278	(\$2,464,321)

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated Renewable Energy Generation Facility Cleanup Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2026	\$0	9.0
2027	\$2,464,321	21.0
2028	\$2,464,321	21.0
2029	\$2,464,321	20.0
2030	\$2,464,321	20.0

Fiscal Analysis

This bill would amend Chapter 35 of the Utilities Code to add Subchapter F regarding permits for renewable energy generation facilities.

The bill would require operators of a wind or solar power facility to obtain a permit from the Public Utility Commission (PUC). In addition to a permit, the bill would require an operator to apply for and obtain PUC approval prior to constructing a new wind or solar power facility. The bill would impose an annual environmental impact fee on each permit holder. The amount of the fee would be determined by the PUC.

The bill would create the renewable energy generation facility cleanup fund as a dedicated account in the General Revenue fund. The fund would consist of an environmental impact fee established by the bill, gifts, grants, donations, and legislative appropriations.

The bill would allow PUC to execute agreements with the United States Environmental Protection Agency (EPA) or any other federal agency that administers programs providing federal cooperation, assistance, grants, or loans for research, development, investigation, training, planning, studies, programming, or construction related to methods, procedures, mitigation, and facilities for the removal of renewable energy generation facilities. The PUC may accept federal funds for these purposes and for other purposes consistent with the objectives of this subchapter and may use the funds as prescribed by law or as provided by agreement.

The bill would amend the Parks and Wildlife Code to require the Texas Parks and Wildlife Department (TPWD), in coordination with PUC, to monitor records and report on environmental impacts created by permitted facilities; conduct wildlife assessments around permitted facilities; and provide PUC with other information about the operation of permitted facilities.

The bill would require PUC, by rule, to adopt a system for providing an environmental impact review to an applicant for a renewable energy generation facility permit. This system should provide criteria for TPWD to evaluate the environmental impact of a proposed renewable energy generation facility and a method to score the environmental impact as well as including the applicant's commitment to and planned implementation of avoidance and minimization measures to conserve natural resources

The bill would allow TPWD to impose a fee for providing the environmental impact review, in an amount sufficient to cover the agency's costs of implementing provision of the bill.

The bill would amend Chapter 312 of the Tax Code to prohibit local taxing units from exempting from taxation the value of real property on which a renewable energy generation facility with a generation capacity of 10 megawatts or more is located. The prohibition would apply only to agreements entered into on or after the effective date of the bill.

The bill would take effect September 1, 2025.

Methodology

Based on the analysis of the PUC, this estimate assumes that the PUC would require 18.0 additional full time equivalent (FTE) positions to implement the provision of the bill.

Under the bill's provisions, the Renewable Energy Generation Facility Cleanup Fund would be established as a General Revenue-Dedicated account with eligible uses to include covering expenses necessary to implement the bill's provisions and to which would be deposited revenue generated through a new Environmental Impact Fee, which the bill establishes and requires to be administered by the PUC. The bill would require the agency to take into consideration various factors when determining the fee amount which would include amounts sufficient to cover the costs for administering the bill's provisions.

PUC would need 6.0 FTEs in fiscal year 2026 for the initial development of the program and rulemaking for the permit process and 18.0 FTEs starting in fiscal year 2027 to fully operate the program and process permit applications. For purposes of this analysis, this estimate assumes that General Revenue Funds would be

provided for initial start up cost of \$874,274 in fiscal year 2026 and the PUC would establish a rate for this new fee at an amount sufficient to cover the agency's annual costs of \$2,464,321 starting in fiscal year 2027 as identified above with revenue deposited to the credit of the new General Revenue-Dedicated account Renewable Energy Generation Facility Cleanup Fund.

These additional positions include eight additional Attorney III positions (\$115,500 per year with estimated benefits of \$32,825) would be needed for rulemaking and processing permit applications. Two Legal Assistant III position (\$80,000 per year with estimated benefit cost of \$22,736) would be needed to support the attorneys in rule making and any case work. Three Engineer III positions (\$115,500 per year with estimated benefits of \$32,825) would be needed to conduct analysis. An additional Program Specialist III-IV position (\$75,000 per year with estimated benefits of \$21,315) would be needed to establish and manage the new cleanup fund. An additional Compliance & Enforcement Investigator III position (\$90,000 per year with estimated benefits of \$25,578) would be needed to conduct violation investigations and ensure permit holders are in compliance with rules. An additional Investigator III position (\$60,000 per year with estimated benefits of \$17,052) would be needed to take in violation complaints via call center. An additional Program Specialist III-IV position (\$75,000 per year with estimated benefits of \$21,315) would be needed to answer questions and provide guidance to potential permit applicants. An additional Programmer V position (\$120,000 per year with estimated benefits of \$34,104) to develop and maintain a portal for permit applications. Other associated costs include \$14,355 in fiscal year 2026 and \$41,235 starting in fiscal year 2027 for payroll contributions, travel and other operating expenses. The annual cost to PUC for these costs would be \$874,274 in fiscal year 2026 and \$2,464,321 starting in fiscal year 2027.

TPWD anticipates and this estimate assumes that the agency would require 3.0 additional full time equivalent (FTE) positions to implement the provision of the bill between fiscal years 2026 and 2028, and 2.0 FTEs in subsequent fiscal years. Three Natural Resource Specialist IV (\$81,562 in fiscal years 2026-2027 with an increase salary to \$81,802 starting in fiscal year 2028 and \$29,953 in estimated benefits (per FTE) in fiscal years 2026-2027, increasing to \$30,025 in 2028 would be needed to provide impact assessments and scores to facilitate permit requirements for PUC. The initial start up cost for TPWD to implement the provision of the bill would be \$1,069,938 in fiscal year 2026 with a cost of \$374,547 in 2027 and \$375,483 in 2028.

Under the bill's provisions, TPWD would assess a fee beginning in fiscal year 2026 to cover costs of implementing the provision of the bill. For purposes of this analysis, this estimate assumes that the fee amount set by TPWD would be sufficient to cover these costs with revenue deposited to the credit of the Game, Fish, Water Safety Account Fund 9.

Note: This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

Technology

This estimate anticipates a technology impact of \$16,200 in equipment costs for new FTEs for the PUC in fiscal year 2026 and \$48,600 per year starting in fiscal year 2027. A technology impact of \$625,000 to develop a system of record for tracking and application management for the required permits as stated in the bill, and \$40,000 for a yearly maintenance fee for the TPWD.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

The bill would prohibit a renewable energy facility that will have a generation capacity of 10 megawatts or more from receiving a property tax abatement under Chapter 312 of the Tax Code, which could result in increased taxable property value relative to current law for units of local government other than school districts, however, the amount of the increase in taxable property value cannot be determined. The no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code would be lower as a consequence of the increased

taxable property value proposed by the bill.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 802 Parks and Wildlife Department

LBB Staff: JMc, RStu, GDZ, JBel, RSTE, BRI