

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 22, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2037 by Sparks (Relating to permit application review and contested case procedures for environmental permits involving a project to construct or modify a liquefied natural gas export terminal; authorizing a fee.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined because the amounts and timing of expedited permit applications that would be received and the associated fees that would be assessed and collected to the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) 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 Water Code related to permit application reviews and contested case procedures for environmental permits involving a project to construct or modify a liquefied natural gas (LNG) export terminal.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to establish by rule an expedited permit application fee and review process for LNG export terminal projects. The bill would authorize TCEQ to use overtime employees or contracted labor to process the expedited permit applications as necessary. Potential applicants could opt into this process by paying the additional fee established by TCEQ. The fees received for the expedited permit application would be considered part of the application fees. The fees would be deposited to the credit of Account No. 153 and could only be used for allowable purposes prescribed in section 5.701 of the Water Code. The bill would require the Executive Director of the TCEQ to issue written responses after the close of a public comment period regarding these permits, and also air quality permit applications related to LNG terminal projects. The bill would require the State Office of Administrative Hearings (SOAH) to conduct a preliminary hearing within sixty days of the case being referred from TCEQ and may allow for one extension of up to fifteen days upon request of any party.

Based on information provided by the Comptroller of Public Accounts (CPA), SOAH, and TCEQ, there are thirteen total (existing and planned) LNG facilities that could be subject to the new expedited case procedures. According to SOAH, it is assumed that three LNG export terminal project cases will be referred to SOAH in fiscal year 2026 and one per fiscal year would occur in fiscal years 2027-30, with each case taking an average of 385 hours to complete.

Based on information provided by CPA, SOAH, and TCEQ, the exact number of expedited permit applications that would be received and the amount of associated fees that would be assessed and collected by TCEQ are unknown at this time. This analysis assumes that any costs of administering the expedited permit application review process, including any costs incurred by TCEQ for the use of overtime provisions, would be paid from the fee revenue collected and deposited to Account No. 153, and that remaining amounts could be used for purposes prescribed in section 5.701 of the Water Code.

According to information provided by SOAH and TCEQ, it is assumed that any costs associated with the bill could be absorbed using existing resources.

The bill would take effect on September 1, 2025, and only apply to applications filed with TCEQ on or after this date.

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

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

Source Agencies: 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, MW, AJL, Tuf