

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 3, 2025

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

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.), **Committee Report 1st House, Substituted**

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 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 create an expedited permit application fee and review process for LNG export terminal projects. Potential applicants could opt into this process by paying the additional fee established by TCEQ. The bill would create a new special account within the General Revenue Fund for the purposes of receiving the newly assessed and collected fees and administering the expedited review process. 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 parties requesting a contested hearing to specify reasons for qualifying as an affected party and limit an administrative law judge of the State Office of Administrative Hearings (SOAH) to only consider these reasons when determining if the affected party qualifies. The bill would require SOAH to conduct a preliminary hearing within thirty days of the case being referred from TCEQ.

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 fees that would be collected and deposited to the newly established special account in the General Revenue Fund would be used to pay for costs of administering the expedited permit application review process.

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

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