

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 11, 2025

TO: Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture and Rural Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2662 by Perry (Relating to the enforcement of drought contingency plans by water and sewer utilities and the Public Utility Commission of Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2662, As Introduced: a negative impact of (\$878,172) 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	(\$439,086)
2027	(\$439,086)
2028	(\$439,086)
2029	(\$439,086)
2030	(\$439,086)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$439,086)	3.0
2027	(\$439,086)	3.0
2028	(\$439,086)	3.0
2029	(\$439,086)	3.0
2030	(\$439,086)	3.0

Fiscal Analysis

The bill would amend the Water Code to require all all investor-owned water utilities (IOUs) to file their drought contingency plans (DCPs) with the Public Utility Commission of Texas (PUC) as part of their tariff.

The bill would requires PUC, the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ) to jointly develop model DCP programs that are updated at least once every five years.

Methodology

Under current law, TCEQ's rules require retail public water suppliers with 3,300 or more connections to file a DCP with them for review and approval. Those with less than 3,300 connections are currently required to prepare and adopt a DCP and make it available for inspection by TCEQ, but they are not required to submit it to TCEQ. The bill will require all utilities to submit their DCP, including those DCPs that are currently not submitted to TCEQ, to PUC. According to PUC, the agency will have to collect and store IOU DCPs, enforce DCPs that do not comply with the requirement, and take complaints and formal complaints from customers regarding DCP issues.

To meet this workload increase and based on the analysis of the PUC, this estimate assumes the agency would 3.0 additional full time equivalents (FTE) positions to implement the provisions of the bill due to PUC's new jurisdiction over DCPs.

An Attorney III-IV (\$115,500 per year with estimated benefits of \$32,825) would be needed for compliance and enforcement of the requirements of the bill. A Program Specialist VI-VII (\$99,000 per year with estimated benefits of \$28,136), would be needed provides outreach and support to water utilities regarding DCPs. Lastly, a 0.5 Attorney (\$57,750 per year with estimated benefits of \$16,413) and 0.5 Engineer (\$57,750 per year with estimated benefits of \$16,413) would be needed for contested case workload for complaint cases related to DCPs. Other associated costs include \$7,200 per year for payroll contributions, travel and other operating expenses.

Based on the analysis of the TWDB and TCEQ, this estimate assumes no significant fiscal impact to the state for the agencies to implement the bill's provision.

Technology

PUC anticipates information technology expenditures of \$8,100 per year.

Local Government Impact

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

Source Agencies: 473 Public Utility Commission of Texas, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, GDZ, JBel