

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 21, 2025

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2949** by Hinojosa, Juan "Chuy" (relating to the regulation of certain facilities and operators engaged in the motor fuel transport or export business; requiring an occupational license; authorizing a fee; creating criminal offenses; authorizing a civil penalty.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2949, Committee Report 2nd House, Substituted: a negative impact of (\$582,000) through the biennium ending August 31, 2027. Additionally, there could be an indeterminate revenue gain depending on the amounts and number of registration fees collected by TCEQ and DPS, and the number of new offenses committed and civil penalties collected.

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	(\$291,000)
2027	(\$291,000)
2028	(\$291,000)
2029	(\$291,000)
2030	(\$291,000)

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	(\$291,000)	4.0
2027	(\$291,000)	4.0
2028	(\$291,000)	4.0
2029	(\$291,000)	4.0
2030	(\$291,000)	4.0

Fiscal Analysis

The bill would amend several sections of the Tax Code, the Transportation Code, and the Code of Criminal Procedure, relating to: the regulation of transportation of motor fuels and other hazardous materials; and restrictions related to the transloading, and transloading facilities, of motor fuel in border counties. The bill

would impose certain additional restrictions and requirements on the transporters of such fuels and materials.

The bill would require a person operating a transloading facility to hold an export fuel transloading facility operator license issued by the Comptroller; register with the Texas Commission on Environmental Quality (TCEQ) and pay a registration fee in an amount set by TCEQ; and register with the Department of Public Safety (DPS) and pay a fee in an amount set by DPS. An operator would be required to file regular electronic reports with the Comptroller. The bill would require motor fuel transporters to annually renew their Comptroller-issued motor fuel transporters license. It would also require motor fuel transporters to ensure that its employees and independent contractors hold specific licenses and endorsements to transport hazardous materials in the state, territory, or country in which the employee or independent contractor resides. Failure to ensure that employees and independent contractors are licensed would result in a civil penalty of \$25,000 per occurrence. The bill would create new criminal offenses under Chapter 162, Tax Code (effective January 1, 2026); violation would be a felony of the third degree.

The bill would prohibit the operation of overweight vehicles transporting hazardous materials on routes other than designated permit routes. The offense would be a felony of the second-degree.

Methodology

According to the Comptroller, four additional full-time equivalent (4.0 FTEs) positions would be required to implement the bill. The additional FTEs include 4.0 Account Examiners III to implement and administer the new fuels tax subtype, application, license and bond requirement. Additionally, the duties will also include responding to the increase in calls requesting assistance with applying and filing the new requirement. Personnel costs for the 4.0 FTEs is estimated to be \$291,000 in each fiscal year.

There could be an indeterminate revenue gain to the General Revenue Fund dependent on the amount of the registration fees that would be set by TCEQ and DPS, as well as the number collected.

The bill would expand conduct constituting existing offenses and create new offenses relating to the transportation of motor fuel or hazardous materials, establishing a penalty range from a third degree felony to second degree felony depending on the offense and offense circumstances. The bill would expand the conduct constituting the offense related to motor fuel tax to include the transferring of motor fuel purchased for export or the operation of an export fuel transloading facility under certain circumstances punishable by a third degree felony. While it is assumed that any state revenue impact would not be significant, it would be dependent on the number of offenses committed and the associated court costs.

Technology

It is assumed that any IT costs associated with the registration programs established by TCEQ and DPS could be absorbed using existing resources.

Local Government Impact

It is assumed that any fiscal impact to units of local government associated with enforcement, prosecution, supervision, or confinement would not be significant.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality

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