

SENATE AMENDMENTS
2nd Printing

By: Landgraf

H.B. No. 3866

A BILL TO BE ENTITLED

AN ACT

relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter I, Chapter 26, Water Code, is amended to read as follows:

SUBCHAPTER I. UNDERGROUND AND ABOVEGROUND STORAGE [~~TANKS~~]

SECTION 2. Section 26.341(b), Water Code, is amended to read as follows:

(b) The legislature declares that it is the policy of this state and the purpose of this subchapter to:

(1) maintain and protect the quality of groundwater and surface water resources in the state from certain substances in underground and aboveground storage tanks that may pollute groundwater and surface water resources;

(2) require the use of all reasonable methods, including risk-based corrective action, to implement this policy; ~~and~~

(3) promote the safety of storage vessels as defined in Section 26.3442, by adopting requirements for the design, construction, operation, and maintenance of storage vessels, with the objective of protecting groundwater and surface water resources in the event of accidents and natural disasters; and

(4) ensure that intermediate bulk container recycling

1 facilities, as defined by Section 26.3445, are not located close to
2 private residences.

3 SECTION 3. Subchapter I, Chapter 26, Water Code, is amended
4 by adding Section 26.3445 to read as follows:

5 Sec. 26.3445. LOCATION OF INTERMEDIATE BULK CONTAINER
6 RECYCLING FACILITY. (a) In this section:

7 (1) "Intermediate bulk container" means a rigid or
8 flexible portable packaging, other than a cylinder or portable
9 tank, that is designed for mechanical handling, with a volume of at
10 least 275 gallons.

11 (2) "Intermediate bulk container recycling facility"
12 means a site that accepts intermediate bulk containers for purposes
13 of reconditioning the containers for reuse or disposal.

14 (b) This section applies only to an intermediate bulk
15 container regulated by the Pipeline and Hazardous Materials Safety
16 Administration.

17 (c) A person may not install or operate an intermediate bulk
18 container recycling facility within 2,000 feet of a private
19 residence.

20 (d) An owner of an intermediate bulk container recycling
21 facility shall register the facility with the commission not later
22 than the 30th day before the date the facility begins receiving
23 intermediate bulk containers.

24 (e) At least once every three years, the commission shall
25 conduct on-site inspections of intermediate bulk container
26 recycling facilities registered under this section to determine
27 compliance with laws under the jurisdiction of the commission.

1 (f) The commission by rule shall impose an annual fee for
2 registering an intermediate bulk container recycling facility
3 under this section in an amount sufficient to cover the reasonable
4 costs of administering the registration program, including costs
5 associated with:

6 (1) implementing the registration program; and

7 (2) inspecting registered facilities.

8 (g) A fee received by the commission under this section
9 shall be deposited to the general revenue fund to the credit of the
10 water resource management account. Fees deposited under this
11 section may be appropriated only for purposes of this section.

12 (h) A facility is exempt from the application of this
13 section if the facility does not stage, store, or process more than
14 50 intermediate bulk containers at any time.

15 (i) This section does not limit the authority of a
16 municipality to adopt an ordinance prohibiting the operation of an
17 intermediate bulk container recycling facility within 2,000 feet of
18 a private residence.

19 SECTION 4. Notwithstanding Section 26.3445, Water Code, as
20 added by this Act, an owner of an intermediate bulk container
21 recycling facility, as defined by Section 26.3445(a), Water Code,
22 as added by this Act, that began receiving intermediate bulk
23 containers before March 1, 2027, is not required to register the
24 facility before March 31, 2027.

25 SECTION 5. This Act takes effect September 1, 2025.

ADOPTED

MAY 26 2025

Larry Law
Secretary of the Senate

By: *J. O. Smith*

H.B. No. 3866

Substitute the following for H.B. No. 3866:

By: *J. O. Smith*

C.S.H.B. No. 3866

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the installation and operation of intermediate bulk
3 container recycling facilities; authorizing a fee.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The heading to Subchapter I, Chapter 26, Water
6 Code, is amended to read as follows:

7 SUBCHAPTER I. UNDERGROUND AND ABOVEGROUND STORAGE [~~TANKS~~]

8 SECTION 2. Section 26.341(b), Water Code, is amended to
9 read as follows:

10 (b) The legislature declares that it is the policy of this
11 state and the purpose of this subchapter to:

12 (1) maintain and protect the quality of groundwater
13 and surface water resources in the state from certain substances in
14 underground and aboveground storage tanks that may pollute
15 groundwater and surface water resources;

16 (2) require the use of all reasonable methods,
17 including risk-based corrective action, to implement this policy;
18 [~~and~~]

19 (3) promote the safety of storage vessels as defined
20 in Section 26.3442, by adopting requirements for the design,
21 construction, operation, and maintenance of storage vessels, with
22 the objective of protecting groundwater and surface water resources
23 in the event of accidents and natural disasters; and

24 (4) ensure that intermediate bulk container recycling

1 facilities, as defined by Section 26.3445, are not located close to
2 private residences.

3 SECTION 3. Subchapter I, Chapter 26, Water Code, is amended
4 by adding Section 26.3445 to read as follows:

5 Sec. 26.3445. LOCATION OF INTERMEDIATE BULK CONTAINER
6 RECYCLING FACILITY. (a) In this section:

7 (1) "Intermediate bulk container" means a rigid or
8 flexible portable packaging, other than a cylinder or portable
9 tank, that is designed for mechanical handling, with a volume of at
10 least 275 gallons.

11 (2) "Intermediate bulk container recycling facility"
12 means a site that accepts intermediate bulk containers for purposes
13 of reconditioning the containers for reuse or disposal.

14 (b) This section applies only to an intermediate bulk
15 container regulated by the Pipeline and Hazardous Materials Safety
16 Administration.

17 (c) A person may not install or operate an intermediate bulk
18 container recycling facility within 2,000 feet of a private
19 residence.

20 (d) An owner of an intermediate bulk container recycling
21 facility shall register the facility with the commission not later
22 than the 30th day before the date the facility begins receiving
23 intermediate bulk containers.

24 (e) At least once every three years, the commission shall
25 conduct on-site inspections of intermediate bulk container
26 recycling facilities registered under this section to determine
27 compliance with laws under the jurisdiction of the commission.

1 (f) The commission by rule shall impose an annual fee for
2 registering an intermediate bulk container recycling facility
3 under this section in an amount sufficient to cover the reasonable
4 costs of administering the registration program, including costs
5 associated with:

6 (1) implementing the registration program; and

7 (2) inspecting registered facilities.

8 (g) A fee received by the commission under this section
9 shall be deposited to the general revenue fund to the credit of the
10 water resource management account. Fees deposited under this
11 section may be appropriated only for purposes of this section.

12 (h) A facility is exempt from the application of this
13 section if the facility does not stage, store, or process more than
14 50 intermediate bulk containers at any time.

15 (i) This section does not limit the authority of a
16 municipality to adopt an ordinance prohibiting the operation of an
17 intermediate bulk container recycling facility within 2,000 feet of
18 a private residence.

19 SECTION 4. (a) The change in law made by this Act applies
20 only to an intermediate bulk container recycling facility, as
21 defined by Section 26.3445(a), Water Code, as added by this Act,
22 that begins receiving intermediate bulk containers on or after the
23 effective date of this Act.

24 (b) Subject to Subsection (a) of this section and
25 notwithstanding Section 26.3445, Water Code, as added by this Act,
26 an owner of an intermediate bulk container recycling facility, as
27 defined by Section 26.3445(a), Water Code, as added by this Act,

1 that begins receiving intermediate bulk containers before March 1,
2 2027, is not required to register the facility before March 31,
3 2027.

4 SECTION 5. The Texas Commission on Environmental Quality is
5 required to implement this Act only if the legislature appropriates
6 money specifically for that purpose. If the legislature does not
7 appropriate money for that purpose, the commission may, but is not
8 required to, implement this Act using other appropriations
9 available to the commission for that purpose.

10 SECTION 6. This Act takes effect September 1, 2025.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 27, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (Relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, As Passed 2nd House: a negative impact of (\$859,279) 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	(\$859,279)
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</i> 1	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$859,279)	\$0	\$0	2.0
2027	\$0	\$167,279	(\$167,279)	2.0
2028	\$0	\$167,279	(\$167,279)	2.0
2029	\$0	\$167,279	(\$167,279)	2.0
2030	\$0	\$167,279	(\$167,279)	2.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the

operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025 and only apply to IBCRF's that began receiving IBC's on or after this date.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 2.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$675,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 2.0 FTEs positions and associated costs would total \$184,279 in General Revenue Funds in fiscal year 2026 and \$167,279 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. One Natural Resource Specialist II (Environmental Investigator II) would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 2.0 FTEs totals \$120,424 per fiscal year from 2026 through 2030. Benefit costs total \$34,224 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$704,631 in fiscal year 2026 and \$12,631 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$675,000 for professional services regarding information technology (IT) development; \$3,000 for computers and software licenses; and \$14,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$675,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, IDA, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, SD, TUf, MW, AJL, FV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 23, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, Committee Report 2nd House, Substituted: a negative impact of (\$859,279) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$859,279)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Water Resource Management 153</i>	<i>Probable Savings/(Cost) from Water Resource Management 153</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$859,279)	\$0	\$0	2.0
2027	\$0	\$167,279	(\$167,279)	2.0
2028	\$0	\$167,279	(\$167,279)	2.0
2029	\$0	\$167,279	(\$167,279)	2.0
2030	\$0	\$167,279	(\$167,279)	2.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the

operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025 and only apply to IBCRF's that began receiving IBC's on or after this date.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 2.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$675,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 2.0 FTEs positions and associated costs would total \$184,279 in General Revenue Funds in fiscal year 2026 and \$167,279 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. One Natural Resource Specialist II (Environmental Investigator II) would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 2.0 FTEs totals \$120,424 per fiscal year from 2026 through 2030. Benefit costs total \$34,224 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$704,631 in fiscal year 2026 and \$12,631 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$675,000 for professional services regarding information technology (IT) development; \$3,000 for computers and software licenses; and \$14,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$675,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, IDA, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, TUf, MW, AJL, FV, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 19, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (Relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, As Engrossed: a negative impact of (\$1,698,906) 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	(\$1,698,906)
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</i> 1	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,698,906)	\$0	\$0	3.0
2027	\$0	\$249,606	(\$249,606)	3.0
2028	\$0	\$249,606	(\$249,606)	3.0
2029	\$0	\$249,606	(\$249,606)	3.0
2030	\$0	\$249,606	(\$249,606)	3.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the

operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 3.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$1,375,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 3.0 FTEs positions and associated costs would total \$323,906 in General Revenue Funds in fiscal year 2026 and \$249,606 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. Two Natural Resource Specialist II would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 3.0 FTEs totals \$178,712 per fiscal year from 2026 through 2030. Benefit costs total \$50,790 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$94,404 in fiscal year 2026 and \$20,104 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$48,800 for purchase of one vehicle; \$4,500 for computers and software licenses; and \$21,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, TUf, FV, MW, AJL, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION
Revision 2

April 29, 2025

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (Relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, Committee Report 1st House, Substituted: a negative impact of (\$1,698,906) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$1,698,906)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Water Resource Management 153</i>	<i>Probable Savings/(Cost) from Water Resource Management 153</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,698,906)	\$0	\$0	3.0
2027	\$0	\$249,606	(\$249,606)	3.0
2028	\$0	\$249,606	(\$249,606)	3.0
2029	\$0	\$249,606	(\$249,606)	3.0
2030	\$0	\$249,606	(\$249,606)	3.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's

regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 3.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$1,375,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 3.0 FTEs positions and associated costs would total \$323,906 in General Revenue Funds in fiscal year 2026 and \$249,606 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. Two Natural Resource Specialist II would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 3.0 FTEs totals \$178,712 per fiscal year from 2026 through 2030. Benefit costs total \$50,790 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$94,404 in fiscal year 2026 and \$20,104 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$48,800 for purchase of one vehicle; \$4,500 for computers and software licenses; and \$21,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2025

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (relating to the installation and operation of intermediate bulk container recycling facilities; authorizing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, Committee Report 1st House, Substituted: a negative impact of (\$1,698,906) 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 General Revenue Related Funds
2026	(\$1,698,906)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Water Resource Management 153	Probable Savings/(Cost) from Water Resource Management 153	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,698,906)	\$0	\$0	3.0
2027	\$0	\$249,606	(\$249,606)	3.0
2028	\$0	\$249,606	(\$249,606)	3.0
2029	\$0	\$249,606	(\$249,606)	3.0
2030	\$0	\$249,606	(\$249,606)	3.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's

regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 3.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$1,375,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 3.0 FTEs positions and associated costs would total \$323,906 in General Revenue Funds in fiscal year 2026 and \$249,606 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. Two Natural Resource Specialist II would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 3.0 FTEs totals \$178,712 per fiscal year from 2026 through 2030. Benefit costs total \$50,790 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$94,404 in fiscal year 2026 and \$20,104 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$48,800 for purchase of one vehicle; \$4,500 for computers and software licenses; and \$21,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, MW, AJL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 27, 2025

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (relating to the installation and ownership of certain outdoor storage containers; authorizing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, Committee Report 1st House, Substituted: a negative impact of (\$1,698,906) 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	(\$1,698,906)
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</i> 1	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,698,906)	\$0	\$0	3.0
2027	\$0	\$249,606	(\$249,606)	3.0
2028	\$0	\$249,606	(\$249,606)	3.0
2029	\$0	\$249,606	(\$249,606)	3.0
2030	\$0	\$249,606	(\$249,606)	3.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and operation of intermediate bulk container (IBC) recycling facilities (IBCRF).

The bill defines IBC's as ridged or flexible portable packaging other than a cylinder or portable tank, that is designed for mechanical handling with a volume of at least 275 gallons, and IBCRF's as sites that accept IBC's for the purposes of reconditioning the containers for reuse or disposal. The bill would only apply to IBC's regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The bill prohibits the

operation of an IBCRF within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting operation of an IBCRF more than 2,000 feet from a private residence.

The bill would require IBCRF's to register with the Texas Commission on Environmental Quality (TCEQ) at least thirty days before beginning to receive IBC's, and exempts IBCRF's that stage, store, or process fifty or less IBC's at a time from this requirement. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct on-site inspections of registered IBCRF's at least once every three years to determine compliance. The bill would require TCEQ to establish and impose annual registration fees in amounts sufficient to recover the costs of the program. The bill would require these fees to be deposited to the credit of the General Revenue-Dedicated Water Resource Management Account No. 153 (Account No. 153) and for programmatic costs to be paid only from these fees within Account No. 153. The bill would require IBCRF's to register before March 31, 2027.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that administrative costs occurring in fiscal year 2026 would be paid from General Revenue Funds due to program registration not being required until March 31, 2027. Once fee revenue begins being generated in fiscal year 2027, all subsequent costs would be paid from Account No. 153 in accordance with the cost recovery requirements of the program. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 1,000 IBCRF's that would be subject to the requirements of the bill based on the number of existing Sector N/5093 Multi-Sector General Permits (MSGP) for industrial stormwater, although it's noted that the agency does not have other sufficient information to accurately estimate the number of IBCRF's as defined by the bill.

Based on information provided by TCEQ, it is assumed that 3.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees, at a one-time cost of \$1,375,000 in General Revenue Funds in fiscal year 2026. According to TCEQ, the 3.0 FTEs positions and associated costs would total \$323,906 in General Revenue Funds in fiscal year 2026 and \$249,606 in Account No. 153 funds in fiscal year 2027 and each subsequent fiscal year. One Program Specialist III would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. Two Natural Resource Specialist II would support the Office of Compliance and Enforcement and regional field offices in conducting inspections and responding to on-demand investigations such as complaints and emergency events.

Salary and wage costs for the 3.0 FTEs totals \$178,712 per fiscal year from 2026 through 2030. Benefit costs total \$50,790 per fiscal year from 2026 to 2030. Other administrative and staff costs total \$94,404 in fiscal year 2026 and \$20,104 per fiscal year from 2027 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$48,800 for purchase of one vehicle; \$4,500 for computers and software licenses; and \$21,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 in General Revenue Funds for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, MW, AJL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 2, 2025

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3866** by Landgraf (Relating to the installation and ownership of certain outdoor storage containers; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3866, As Introduced: an impact of \$0 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	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2025</i>
2026	\$8,476,681	(\$8,476,681)	66.0
2027	\$6,741,658	(\$6,741,658)	81.0
2028	\$6,741,658	(\$6,741,658)	81.0
2029	\$6,741,658	(\$6,741,658)	81.0
2030	\$6,741,658	(\$6,741,658)	81.0

Fiscal Analysis

The bill would amend Water Code related to the location, installation, and ownership of certain outdoor storage containers.

The bill applies to specific outdoor storage containers that are defined as nonvehicular devices containing a regulated substance that are made of non-earthen material and are located on or above the surface of the ground and not inside a structure at a commercial facility. The bill prohibits the installation or operation of an outdoor storage container within 2,000 feet of a private residence. The bill would not limit the authority for municipalities to adopt an ordinance prohibiting installation or operation of a container more than 2,000 feet

from a private residence.

The bill would require owners of outdoor storage containers to register the containers with the Texas Commission on Environmental Quality (TCEQ) within thirty days of installation. Containers installed before September 1, 2025, would be required to be registered by March 1, 2026. The bill would require TCEQ to conduct annual on-site inspections of registered containers to determine compliance. The bill would require TCEQ to establish and impose registration fees in amounts sufficient to recover the costs of the program. The bill would exempt certain containers that meet specific conditions from these inspection and registration requirements, including containers already registered as an aboveground storage tank or storage vessel.

This bill would take effect on September 1, 2025.

Methodology

Based on information provided by TCEQ, this analysis assumes that revenue from fees established by TCEQ would be deposited to the General Revenue Fund. This analysis also assumes that TCEQ would assess fees as necessary to generate sufficient revenue to cover all costs associated with implementing the provisions of the bill.

Based on information provided by the TCEQ, the agency estimates that there are approximately 16,784 sites that would be subject to the requirements of the bill including: 1,300 chemical storage and manufacturing sites, 13,327 sites with aboveground storage facility registrations, and 2,157 public drinking water systems, although the exact number of containers that would be subject to the requirements of the bill is unknown at this time.

Based on information provided by TCEQ, it is assumed that 81.0 Full-Time Equivalent (FTE) positions would be required to establish and administer the programs necessary to implement the provisions of the bill including, conducting annual inspections, conducting outreach, providing compliance-related assistance, and conducting enforcement-related activities when necessary. In addition to staff-related resources, TCEQ assumes modifications to existing information technology systems would be necessary to support electronic submission of the applicable registration and the associated fees. According to TCEQ, the 81.0 FTEs positions and associated costs would total \$8,476,681 in fiscal year 2026 and \$6,741,658 in fiscal year 2027. Four FTEs would support the Occupational Licensing and Registration Division in providing public, assistance, outreach, and developing programmatic forms, guidance, and procedures. The remainder of the FTEs would support the Office of Compliance and Enforcement in compliance, investigative, enforcement, and outreach purposes. The FTEs would include: fifteen Enforcement Coordinator II, fifty six Environmental Investigator II, six Natural Resource Specialist II, three Program Specialist II, and one Program Specialist IV. The fifteen Enforcement Coordinator II FTEs would begin in fiscal year 2027.

Salary and wage costs for the 81.0 FTEs totals \$3,854,975 in fiscal year 2026 and \$4,729,295 per fiscal year in fiscal years 2027 through 2030. Benefit costs total \$1,095,584 in fiscal year 2026 and \$1,344,066 per fiscal year in fiscal years 2027 through 2030. Other administrative and staff costs total \$3,526,122 in fiscal year 2026, \$668,297 in fiscal year 2027, and \$540,797 per fiscal year in fiscal years 2028 through 2030. One-time expenses in the 2026-2027 biennium include the following: \$1,375,000 for professional services regarding information technology (IT) development; \$1,122,400 for purchase of approximately twenty three vehicles; \$121,500 for computers and software licenses; and \$567,000 for furniture and equipment.

Technology

It is assumed that one-time costs totaling \$1,375,000 for IT development professional services would be necessary in fiscal year 2026 to support modifications to three existing systems at TCEQ (STEERS, PARIS, and ePay) in order to support electronic submission of the applicable registration and the associated fees for the new program.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. Based on information provided by TCEQ, an estimated 2,157 public drinking water systems would be subject to the requirements of the bill and would be

be required to pay registration fees to TCEQ.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, FV, MW, AJL