

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 1, 2015

TO: Honorable Geanie Morrison, Chair, House Committee on Environmental Regulation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1794** by Geren (relating to suits brought by local governments for violations of certain laws under the jurisdiction of, or rules adopted or orders or permits issued by, the Texas Commission on Environmental Quality; affecting civil penalties.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would limit civil penalty amounts that can be assessed in necessary and indispensable party (NIP) suits brought against a person under Water Code, Subchapter H, to not less than \$50 and not more than \$25,000 for each day of each violation, provided that the total assessed does not exceed \$4.3 million. The bill specifies that the state's authority to pursue civil penalty under Water Code, Chapter 7, would not be limited by this provision. The bill provides local governments consider certain factors when determining the amount of civil penalties to be assessed, and it would require that civil penalty suits be brought forth no later than five years after the violation was committed.

The TCEQ reports that with the enactment of the bill's civil penalty maximums, civil penalty revenues could decrease. Since civil penalty payments are split equally between the state and local governments, with the state portion being deposited to the General Revenue Fund, there could be some loss in General Revenue to the state. The loss would depend on the number of NIP cases in a given year and whether penalties in such cases would otherwise exceed the civil penalty maximums proposed by the bill. Based on the information provided by the TCEQ, any revenue loss would not be significant.

Local Government Impact

There may be an impact to local governments resulting from civil penalties, however, as the number of cases and associated penalties awarded are unknown, their fiscal impacts cannot be determined.

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

LBB Staff: UP, TL, SZ, MW, KVe