

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 16, 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 maximum penalties for certain environmental violations.),  
**As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would limit civil penalty amounts that can be assessed in suits brought against a person under Water Code, Subchapter H. The bill would also limit the timeframe during which a necessary and indispensable party (NIP) suit for civil penalties must be brought, and it would require that violations must be committed knowingly or intentionally. The bill also would provide that a complaining party may not assess civil penalties against a person on or after the date on which a person initiates written notification and performs any necessary assessment or remediation under a program administered by the Texas Commission on Environmental Quality (TCEQ).

The TCEQ reports that with the enactment of the bill, the burden of proof in NIP suits would be increased for the state and local governments, because of the bill's limitations on timeframes for filing suits, and the bill's limitations on penalty amounts, which are equally split between the state and local governments in such cases, with the state portion deposited to the General Revenue Fund. The TCEQ also reports that in fiscal year 2014, seven NIP cases to which the state and local governments were a party to the case assessed \$131,533 in civil penalties. Upon enactment of the bill, some portion of that revenue stream could be lost. The loss would depend on the number of NIP cases in a given year, whether penalties in such cases would otherwise exceed the limitations proposed by the bill, and timing involved with the NIP case. Based on the information provided by TCEQ, it is assumed that the loss in revenue to the General Revenue Fund 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:** 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

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