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LEGISLATIVE RECAP: WHAT HAPPENED TO FUNDING AND FEES AT THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION AND OTHER NATURAL RESOURCE AGENCIES IN 2001

Prepared by:



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I. Introduction

In many ways, the 77th Legislature completed on May 28th, 2001, was a breakthrough year for the attention that the environment in general and more specifically, the Texas state environmental agencies, received, as well as the positive outcomes that resulted. The Texas Natural Resource Conservation Commission, Texas Parks and Wildlife Department, Railroad Commission of Texas and the Texas Water Development Board – among others – went through a Sunset Committee Review process during 2000 and were reauthorized for another twelve years through legislation in 2001.¹ Both the Sunset Review Committee process and the legislative process allowed public interest and environmental organizations ample opportunity to seek to reform the agencies and make them more responsive to public concerns and environmental issues. In addition to the Sunset legislation itself, other important issues which will impact agency funding and work – including groundwater management, natural resources, water supply issues and non-attainment air quality issues – also received attention and legislation during the just-concluded session.

While these issues received considerable attention and produced at least partial “victories” for the environmental and public interest community, of equal importance is the funding the agencies received through the biannual appropriations process. In the end, the implementation of new programs depends upon the funding, funding mechanisms and resulting work for the employees at the agencies.

This report is a brief look at what happened in the appropriations process for the main environmental agencies, as well as what components of the individual sunset legislation and other legislation affects both funding at the environmental agencies, and the funding mechanisms – principally fees – themselves. Along the way, opportunities for further public involvement in determining these funding mechanisms as well as key opportunities for environmental tax and fee reform which were missed during the legislative session will be highlighted.

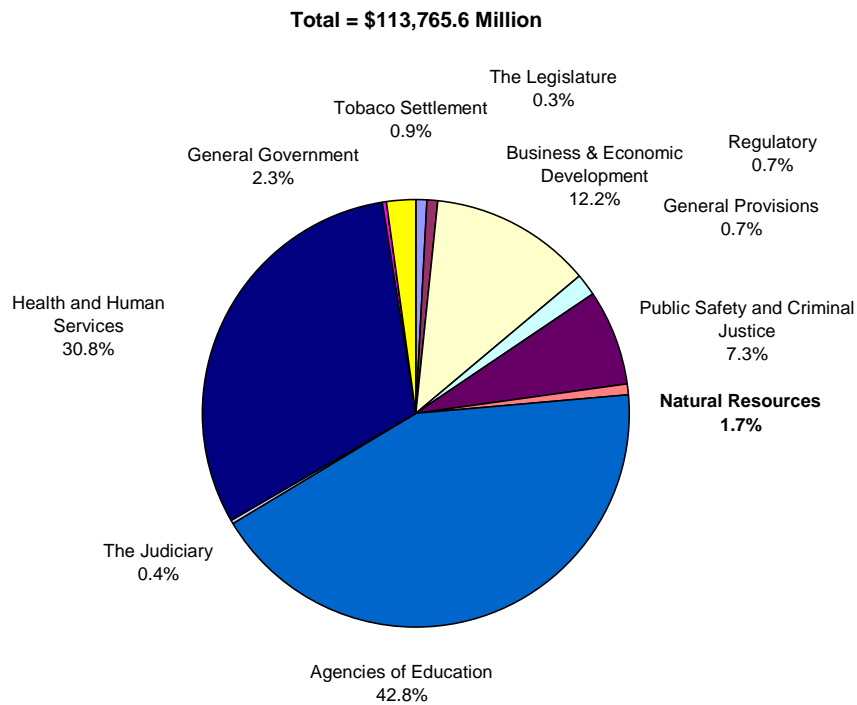
¹ In Texas, the Sunset Review Commission is composed of three senators, three representatives and two “public” representatives who meet during the period between legislative sessions. They hold public hearings, take written testimony and issue recommendations for legislative and policy changes. The members of the Sunset Review Commission usually sponsor the legislation related to the agencies.

II. *The Budget*

A. Overall Budget

The Appropriations Bill (SB 1), as signed by the Governor, sets up a budget for the State of Texas of \$113.8 billion for the 2002-2003 biennium, an increase of 11.6 percent increase from the 2000-01 biennial level (Figure 1). While the bulk of the budget – some 73.6% -- is earmarked for health and human services and education, the legislature set aside \$ 1,951 million for the natural resource agencies, or 1.7% of the total budget. Collectively, the agencies within the Natural Resources category saw their budgets increase slightly by \$38.0 million, or two percent over the 2000/2001 biennium.

Figure 1. Biennial Budget for 2002-03

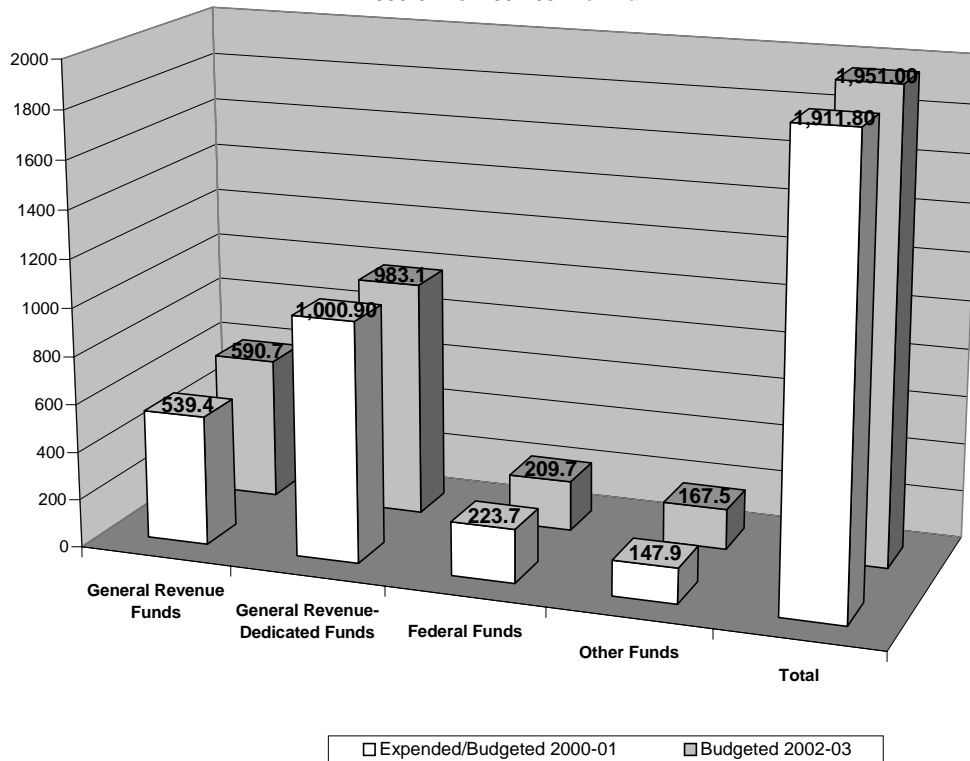


Source: Legislative Budget Board, Summary of Conference Committee Report on Senate Bill 1, May 23, 2001.

B. Natural Resources Budget

As mentioned, budgets for Article VI of the Appropriations Bill – the Natural Resources -- increased slightly compared to FY 2000 –01. Because both federal funds and general revenue-dedicated funds – such as those resulting from the petroleum storage tank remediation account -- are declining for natural resource purposes, the slight increase to natural resource agencies was the result of earmarking more general revenues and “other funds” to these agencies (Figure 2).

Figure 2. Methods of Financing Natural Resources Agencies in Texas, 2000-01 vs. 2002-03 Biennium



Source: Legislative Budget Board, Summary of Conference Committee Report on Senate Bill 1, May 23, 2001.

Within Natural Resources, most of the agencies saw a modest increase in their budgets, with the exception of the Texas Natural Resources Conservation Commission and the General Land Office. In addition to these two agencies, when taking into account only general revenue and general revenue-dedicated funds, the Texas Water Development Board saw a modest decrease of \$10.9 million largely due to the reduction of \$7.8 million in regional planning grants, as planning activities authorized by the 1997 legislative session’s Senate Bill 1 have been substantially completed.

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**Table 1. Comparison of 2000-01 and 2002 – 03 Budgets for Natural Resource Agencies
(In Millions)**

Agency	Expended/Budgeted 2000-01	Recommended 2002-2003	Biennial Change
Department of Agriculture	\$103.90	\$117.7	\$13.8
Animal Health Commission	\$24.30	\$24.4	\$0.2
General Land Office and Veteran's Land Board	\$93.50	\$84.5	(-\$9.1)
Trusted Programs within the General Land Office	\$29.10	\$35.8	\$6.7
Natural Resource Conservation Commission	\$801.50	\$755.5*	(-\$46)*
Parks and Wildlife Department	\$463	\$473.8	\$10.8
Railroad Commission	\$99.10	\$105.3	\$6.1
Texas River Compact Commissions	\$0.80	\$0.8	\$0.0
Soil and Water Conservation Board	\$29.50	\$31.8	\$2.3
Water Development Board	\$83.60	\$85.9	\$2.3
Non-Self Supporting GO Water Bonds	\$27.90	\$44.0	\$16.1
Subtotal, Natural Resources	\$1,756.20	\$1,760.6	\$4.4
Total, including debt service and employee benefits	\$1,911.80	\$1,951.0	\$38.0*

*These numbers are slightly different than has reported by the LBB, as TNRCC did not receive approximately \$2.5 million when SB 1541 – relating to management of radioactive waste – did not pass.

Source: Legislative Budget Board, Summary of Conference Committee Report on Senate Bill 1, May 23, 2001.

III. State Agency Budgets and Legislation Affecting Funds and Fees

The remainder of the report will highlight the specific budget and finance issues addressed by the 77th Legislature for four key environmental agencies: the Texas Natural Resource Conservation Commission, Texas Parks and Wildlife Department, Railroad Commission of Texas and Texas Water Development Board.

A. Texas Natural Resource Conservation Commission

While Table 1 shows the TNRCC budget declining slightly between the two most recent bienniums, care should be taken when interpreting these numbers. For example, the decline in the TNRCC budget is largely due to the decline in the needs of the Petroleum Storage Tank Remediation Program, with the decrease due both to a slower rate of petroleum tank remediation activity expected in 2002-03 – about \$18 million less -- and a \$36 million payment of the Tejas settlement in fiscal year 2000.² In fact, discounting these two items, TNRCC will see a modest increase in many of its core program areas, including air quality planning and assessment and in enforcement and compliance, as well as a slight increase in FTEs (Full-Time Employees). Table 2 shows the funding for these program areas between FY 00 and FY 03, including conditional and supplemental appropriations in riders.

In addition to continuation –albeit at a slower pace – of the Petroleum Storage Tank Remediation Fund, some of the important changes contained in appropriations for the TNRCC included:

- An increase of \$4 million in General Revenue to refine air quality models used to demonstrate attainment for federal air quality standards;
- An increase of \$1.5 million in General Revenue for Total Maximum Daily Load assessments;
- An increase of \$2.0 million in General Revenue for targeted pay raises;
- An increase of \$9.6 million in General Revenue-dedicated funds (Solid Waste Disposal Account No. 5000), \$7.5 million of which is for grants for the disposal of waste tires, and \$2.0 million of which is for grants to promote the use of tire-derived fuel. The \$2.0 million in grants will go directly to cement producers in the Dallas/Ft. Worth area to retrofit their kilns to burn tires. It is part of settlement of a lawsuit that the cement producers had brought against the Dallas – Ft. Worth State Implementation Plan due to the high NOX reduction requirements. Three major cement plants – TXI, Holnam Texas and North Texas Cement Co. – are all located in Ellis County.
- An increase of \$17.1 million in new fee revenues for a low-income vehicle repair replacement retrofitting grant program (House Bill 2134).
- Authorization to charge for upset and maintenance emissions, including emergency shut-downs, as part of the Title V emissions fee program, which is expected to bring in \$1.1 million per year, mainly to pay for grants to non-attainment areas.

² The State of Texas had initially adopted an inspection and maintenance program to test the emissions of cars in non-attainment areas for the one-hour ozone standard. The state contracted with a company called the Tejas Company to install emission testing centers. Nonetheless, after political opposition, the Legislature canceled the program and in a resulting lawsuit, the company was awarded the monies. The Legislature took the money out of general revenue and general revenue-dedicated funds earmarked for TNRCC.

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- Authorization for \$5.075 million in grants – an increase of \$1 million – for near non-attainment area air quality planning. These areas include Austin, Corpus Christi, Longview-Tyler-Marshall, San Antonio and Victoria.
- Authorization for grants of \$2.8 million for local air pollution programs in non-attainment areas. The grants double what TNRCC had requested from the Legislature.
- Increase of \$0.3 million in General Revenue-dedicated Funds due to creation of a program to assess storage of low-level radioactive waste. An additional \$2.5 million would have been authorized had Senate Bill 1541 passed, which would have mandated the state to contract with a private firm.
- A decrease of \$1.3 million in General Revenue-Dedicated Funds due to decreased water rights review activity.
- A decrease in \$1.9 million in Federal Nonpoint Source Implementation Grants;
- A decrease in \$0.9 million in federal funding for the National Estuary Program, because the funding will go directly to Coastal Bend Bay and Estuary Program.

Table 2. FY 00/01 v. FY 02/03 Appropriations in Core Program Areas at TNRCC⁽¹⁾³

Area	FY 00	FY 01	FY 02	FY 03
Air Quality Permitting	11.60	11.20	12.07	11.69
Water Resources Permitting	12.00 ⁽²⁾	13.00 ⁽²⁾	10.35 ⁽⁴⁾	10.04 ⁽⁴⁾
Waste Management and Permitting	9.46	9.47	9.13 ⁽⁵⁾	8.64 ⁽⁵⁾
Air Quality Assessment and Planning	67.22 ⁽³⁾	29.82	41.37 ⁽⁶⁾	45.15 ⁽⁶⁾
Water Assessment & Planning	25.72	24.85	25.49	24.87
Waste Assessment and Planning	13.73	13.72	13.83	13.56
Pollution Prevention & Recycling	3.87	3.87	13.39 ⁽⁷⁾	3.89
Low-Level Radioactive Waste Assessment	0	0	0.12	0.12
Safe Drinking Water	9.67	8.67	8.88	8.01
Water Utilities Oversight	2.39	2.39	2.43	2.41
Enforcement & Compliance	47.30	47.17	48.69 ⁽⁸⁾	47.96 ⁽⁸⁾
Pollution Cleanup	156.93	159.14	157.19 ⁽⁹⁾	142.02 ⁽⁹⁾
Targeted Salary Increases	0	0	0.65	1.3
Indirect Administration	46.01	45.43	46.45	45.86
Authorized FTEs	3027	3027	3035.5	3040
Total Budget	405.27	368.73	390.06	365.49

(1)Does not include capital budget items nor pass-through grant funds authorized by SB 5.

³ *Seventy-sixth Legislature, Regular Session, Text of Conference Committee Report as modified by Senate Bill 4 and Governor's Veto Proclamation and Contingent Appropriations Included in House Bill No. 3211, Regular Session, May 22, 1999 and Seventy-seventh Legislature, Conference Committee Report, 3rd Printing, SB 1 General Appropriations Bill, May 20, 2001.*

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- (2) Includes additional monies to implement stormwater permitting program.
- (3) Includes \$36 million for Tejas settlement.
- (4) Includes \$.09 million extra each fiscal year due to expected increased fee rates at Rio Grande and South Texas Watermaster offices.
- (5) Includes supplemental appropriation for sludge land application permitting program (HB 2912) of \$122,770 in FY 2002 and \$96,270 in FY 2003.
- (6) Includes supplemental appropriations of \$3,384,000 in FY 2002 and \$13,756,000 in FY 2003 for Low-Income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Grant Program (HB 2134), \$1.1 million extra each fiscal year due to upset and maintenance emission fees, and \$76,000 in FY 2002 and \$228,200 in FY 2003 to administer Automobile Emission Inspections and Maintenance Program.
- (7) Includes \$7.5 million in waste tire disposal grants and \$2.0 in tire-derived fuel grants.
- (8) Includes \$0.1 million each fiscal year in irrigator fees for licensing and regulating irrigators.
- (9) Includes restored Petroleum Storage Tank Remediation Fund (\$96,943,667 in FY 2002 and \$82,778,426 in FY 2003 as authorized by HB 2912), as well \$0.2 million each fiscal year for recovered costs and responsible party payments in both hazardous materials clean-up and petroleum tank remediation.

Special Programs and Studies under Appropriations

The Appropriations Bill also calls on the TNRCC to engage in several new special studies or programs, which include:

- Producing a list and map of the physical locations and numbers of cattle for each state-permitted and all pending applications of milk-producing Confined Animal Feeding Operations (CAFOs) in the Leon River Watershed and North Bosque Watershed, and activate water quality monitoring sites in the two watersheds, reporting the results to political leaders.
- Coordinating with Texas Department of Transportation on acquisition and potential uses of crumb rubber and shredded tire pieces in highway construction;
- Studying the air pollution/haze problem in Big Bend National Park and the Texas/Mexico border in general.
- Working with electric utilities and other industries in Bexar, Cameron, Comal, El Paso and Hidalgo County to encourage the use of tire-derived fuel.
- Studying the problems caused by petroleum storage tanks located above aquifer recharge zones, with emphasis on spillage of benzene, toluene, and MBTE into the Trinity aquifer, and produce a report by January 1, 2002.
- Maintaining a state toll-free telephone line to receive reports concerning violations of suspected violations of environmental laws.

Fees and Flexibility in the Sunset Bill

In concert with the budget process itself, a number of legislative bills – principally the Sunset Bill itself – affected the agency’s funding and fees.

First of all, the Sunset Bill – HB 2912 -- gives the TNRCC *more flexibility* in how it spends the money appropriated to it in the budgetary process. Virtually all of the fees collected by the TNRCC are dedicated to support specific programs directly relating to the fee payers. The Sunset Bill authorizes the agency to reallocate not more than seven percent of the funds – up to \$20 million – it receives through fees in eight of its ten accounts to be used for purposes identified in the Appropriation Act.⁴ This would allow, for example, the TNRCC to shift some funds from the Clean Air Account to the Water Resource Management Account if the agency felt the needs in the water program

⁴ The Petroleum Storage Tank Remediation Account No. 655 and Low Level Waste Account No. 088 are excluded from these flexibility provisions.

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warranted a decrease of activities in the air account. Any transfer greater than \$500,000 must be approved by the commission in an open meeting.

Secondly, the Sunset Bill requires fee payers that pay fees under either the Water Code or Health and Safety Code to pay fees on time or face penalties and interest on delinquent fees. During the Sunset Review process, it came to light that TNRCC frequently received payments late or never actually collected monies.

Moreover, the Sunset Bill combines the fees currently paid by water rights holders (Regional Water Quality Assessment or Clean Rivers Fee) and wastewater discharge permit holders (Wastewater Discharge Inspection Fee) into one “water quality fee”. The maximum amount that TNRCC can charge to either wastewater discharge permit holders or water rights holders is capped at \$75,000. It is important to note that the largest group of water rights holders – irrigators – are exempted from these water quality fees as they have been in the past. In addition, the TNRCC is authorized to use the resulting fees for any “reasonable cost” associated with the water resource management program. Similarly, the agency can use on-site sewage permit fees for any costs “incurred to protect water resources in this state.”

Finally, the Sunset Bill states that the Public Health Fee – the Drinking Water Inspection Fee – must be sufficient to “cover the costs” of the drinking water program and that the commission must consider “equity among persons required to pay the fees as a factor in determining the amount of the fees.” Despite the provision that the fee must be sufficient to cover the costs of the program it is important to note that the Appropriations Bill specifically set the limit that can be collected from this fee at \$3,488,709 in FY 2002 and FY 2003. However, it is expected that as the requirements of the drinking water program increase because of new federal drinking water standards for arsenic and other contaminants, the needs of the program will increase, and the legislature could increase the appropriated amount from the fee.

Other Legislation Affecting Fees and Funding at TNRCC

SB 5 creates the *Texas Emission Reduction Plan*, to be administered by the TNRCC, the Comptroller and the newly created Council on Environmental Technology – to be housed at UT-Austin’s Center for Environmental Resources. These three agencies will provide and manage grants and funding for several incentive programs to lower emissions. The Public Utility Commission would also provide grants for a new energy program to lower emissions.

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The legislation creates a new account in the General Revenue Fund called the Texas Emissions Reduction Plan (TERP) Fund. The Legislative Budget Board estimated that the plan would generated \$133.4 million in FY 2002, a total which would rise to \$165.3 million by FY 2006.⁵ Administered by the Comptroller, the TERP fund would consist of:

- 10 percent of the registration fee for truck trailers and commercial vehicles statewide;
- 1 percent of the charge for each sale, lease or rental of new or used construction equipment statewide;
- 2.5 percent of the total charge for every retail sale or lease of year 1996 and earlier on-road diesel motor vehicles over 14,000 pounds;
- \$225 fee on motor vehicles registering for the first time in Texas, except military personnel; and
- \$10 fee per commercial motor vehicle inspection.

The legislation takes the funding and divides among several funds (see Chart).

Programs within the Texas Emissions Reduction Plan Fund

<i>Program/Fund Name</i>	<i>Administrator</i>	<i>Percentage</i>	<i>Estimated Amount in FY 2002</i>
Diesel reduction incentive plan	TNRCC	72%	\$96.0 million
Motor vehicle purchase or lease incentive plan	TNRCC and Comptroller	10%	\$13.3 million
Energy Efficiency Program	Public Utility Commission	7.5%	\$10 million
Technology Research and Development Program	Texas Council on Environmental Technology	7.5%	\$9.5 million to TCET \$0.5 million to TNRCC for air quality planning in near non-attainment areas
Administrative Costs	TNRCC, PUC, TCET and Energy Systems Laboratory	3%	\$4.0 million

⁵ Legislative Budget Board, Fiscal Note, SB 5 Enrolled Version, May 23, 2001.

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In addition to these fees and programs, the bill specifies the energy efficiency code for new single family homes (International Residential Code or IRC) and other constructions statewide (International Energy Conservation Code or IECC). The Texas Engineering Experiment Station's Energy Systems Laboratory (ESL) would be authorized to set and collect fees to offset the costs of: reviewing and evaluate local adoption and amendment to the IRC and IECC; developing energy saving estimates and targets for near non-attainment areas; making materials available to the building industry; and developing an accreditation program for energy rating services.

Finally, the bill also exempts from the diesel fuel tax the volume of water, fuel ethanol, biodiesel, or mixtures of any of these elements contained in the final product of diesel fuel. This provision will lead to losses in tax revenue for both the State Highway Fund and the Available School Fund. The LBB estimates that in FY 2006, the Highway Fund will lose approximately \$59.0 million and the School Fund \$19.7 million, largely because of the diesel fuel exemption.⁶

HB 2134 requires that counties above a certain size not meeting federal air standards implement a vehicle maintenance and inspection program, and creates a new Low-Income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Grant program. The legislation allows communities to implement programs to help low-income drivers pay for necessary vehicle repairs through grants and initiate accelerated vehicle retirement programs to address situations when it is infeasible to repair a vehicle that fails an emissions test.

Under the legislation, TNRCC is charged with reviewing the fees assessed for vehicle emissions-related inspections. Part of the fees can be used to provide incentives for participation in the testing network to ensure adequate numbers of testing centers. Part of the fees collected must be used for low-income program. TNRCC must adopt guidelines by rule to assist a participating county in such a program. Fees can vary by county. The bill also sets forth provisions relating to administrative penalties for violations of motor vehicle emission standards.

It is expected that Collin, Dallas, Denton, Harris and Tarrant counties would participate in these programs in 2002 and Brazoria, Ellis, Fort Bend, Galveston, Johnson, Kaufman, Montgomery and Parker in 2003. The increased fees are expected to generate \$3.2 million in 2002 and \$13.6 million in 2003 as the other counties begin assessing additional fees.

HB 3121 makes slight changes in the Proposition II Pollution Control Property Program. In 1993, the legislature and voters approved the **Proposition 2 constitutional amendment**, which provides property tax exemptions on property used for pollution control purposes. Under rules adopted to carry out the program, the TNRCC is responsible for determining whether property is used for pollution control purposes, and what portion of the property is eligible for a tax exemption to its local appraisal district. Following widespread criticism that the program was being abused, and the TNRCC was

⁶ Ibid.

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not following strict guidelines in determining what percentage of the cost of equipment was pollution control equipment, the legislature passed HB 3121. The legislation:

- Requires the sending of a copy of the Use Determination letter – saying whether or not – and if so at what percentage -- a piece of equipment has been qualified for tax exemptions to the chief appraisal of the county in which the facility applying for an exemption is located.
- Establishes a formal appeals process for both the applicant and the appraisal district.
- Requires that the agency adopt standards by rule and requires that the ED use those standards when reviewing an application.

It is expected that the adoption of new rules for the Prop II program will lead to some fee increases to cover the costs of administering the program.

B. Texas Parks and Wildlife Department

In recent years, the Texas Parks and Wildlife Department (TPW) has received more funding from general appropriations and authority to spend fees generated from its users – motorboat fuel taxes, boat and boat motor sales tax, and a variety of hunting and fish licenses among others. Nonetheless, stable funding both for acquisition of new parkland as well as to maintain and operate the state parks has consistently been highlighted as a core problem at the agency. More than a third of the TPW’s state park budget is generated by sales taxes on sporting goods, with the remainder generated by specific earmarked fees. However, the sporting good tax has been capped at \$32 million and in the past the legislature has turned to general obligation bonds to fund the backlog of repairs and maintenance at the state’s park system.

In 2001, neither the Sunset Bill (SB 305) nor the Appropriations Bill (SB 1) made major changes in fees and funding at the agency although some progress was made. First of all, the Appropriations Bill increased the Texas Parks and Wildlife Department’s (TPW) biennial budget from \$414.05 million to more than \$473.8 million over the biennium (see Table 3). Perhaps the most important change in the budget was creation of a new \$5 million state parks annual funding package for staffing and operational expenses at new and partially opened parks. The new state park fund will allow the agency to hire 81.5 new staff positions, including field staff and new regional park interpretive specialists⁷.

The Appropriations bill also requires the TPW to recover costs from administering and managing commercial fisheries, which will lead to increased fees for commercial fishing licenses. TPW is supposed to consider both the cost of running the fisheries as well as the commercial value of the licenses in setting these fees.

Other important funding items in the appropriations bill include:

*An expected \$9.2 million in revenues from concessions and other “entrepreneurial” activities, which can be used for a variety of activities. Some of this will be generated from a \$3 surcharge on saltwater sportfishing stamps dedicated for the buy-back of commercial fishing licenses;

*Continuation of the sale of specialty license plates, first established in 1999.

*Some \$101.5 million in general obligation bond proceeds – over six years -- for infrastructure repair, maintenance and park acquisition. The agency would receive \$36.68 million in FY 2003. This appropriations rider is contingent upon passage of a constitutional amendment authorizing the issuance of up to \$850 million in general obligations bond in November of 2001, as established by House Joint Resolution 97, sponsored by Rep. Rob Junell and Sen. Rodney Ellis.

⁷ Funds out of the \$5.0 annual fund will cover some employee and other costs at the following parks: World Birding Centers, Franklin Mountains State Park and Wyler Aerial Tramway, Chinati Mountains State Natural Area, Lake Casa Blanca, Lake Tawakoni, El Paso State Parks Complex, Government Canyon State Natural Area, Devil’s Sinkhole State Natural Area, and Fort Boggy State Park. The fund will also provide operating costs and equipment replacement at existing state parks and provide 32 employees for field staff and regional interpreters.

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* A \$1.0 million grant for restoration of Hermann Park in Houston; \$400,000 for Meteor Crater Site and \$500,000 for establishing a park and trail system along the Rio Grande near the most populated areas.

Table 3. FY 00/01 v. FY 02/03 Appropriations in Core Program Areas at TPW⁽¹⁾⁸

Area	FY 00	FY 01	FY 02	FY 03
Public Hunting and Fishing	20.85 (2)	20.91 (2)	23.14 (4)	23.24 (4)
State Park Operations	42.93	42.93	49.72 (5)	49.61 (5)
Capital Programs and Park Acquisition	63.12 (3)	24.85	31.66 (6)	54.06(6)
Public Awareness and Outreach	7.28	7.28	12.55	12.75
Local Parks	23.20	23.20	25.47	24.47
Law Enforcement	34.78	34.78	35.40	35.40
Manage Fish and Wildlife	26.90	26.65	27.54 (7)	27.48 (7)
Revenue from sales and concessions			4.63 (8)	4.63 (8)
Indirect Administration	13.91	13.91	15.75	15.75
Total	219.54	194.51	226.19	247.56
Total FTEs	2954	2954	3035.5	3035.5

- (1) Does not include capital budget, except for monies used for repairing and acquiring parklands.
- (2) Includes extra monies for commercial fisheries due to regulation of commercial finfish fisheries.
- (3) Includes \$16.3 million in general obligation bonds for establishing the World Birding Center sites, High Plains Bison Project, Government Canyon, Austin Woods and other projects.
- (4) Includes \$0.32 million each year from escrow accounts, and \$0.1 million from rental income from employee housing.
- (5) Includes \$0.1 million from rental income from employee housing; and \$0.1 million in FY 2002 and \$0.04 million in FY 2003 from license plate sales.
- (6) Includes \$14.88 million for FY 2002 in monies left-over from previous bienniums for park repair; \$0.3 million each year from escrow accounts, \$0.15 million each year from sales of land; and \$36.68 million in FY 2003 in general obligations proceeds for infrastructure repair, maintenance and other projects, contingent upon voter approval in November 2001.
- (7) Includes approximately \$0.1 million in FY 2002 and \$0.04 million in license plate sales; and \$0.3 million each year from escrow accounts.
- (8) Derived from concession "entrepreneurial" revenues. The monies can be used for any purpose authorized by Parks and Wildlife Code, subject to salary, travel, capital expenditures, employment levels and other provisions and limitations.

⁸ *Seventy-sixth Legislature, Regular Session, Text of Conference Committee Report as modified by Senate Bill 4 and Governor's Veto Proclamation and Contingent Appropriations Included in House Bill No. 3211, Regular Session, May 22, 1999 and Seventy-seventh Legislature, Conference Committee Report, 3rd Printing, SB 1 General Appropriations Bill, May 20, 2001.*

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The TPW Sunset Bill

In addition to HJR 97, which establishes the constitutional amendment to issue up to \$850 million in general obligation bonds -- \$101.5 million of which would go to park maintenance at TPW – SB 305 – better known as the TPW Sunset Bill – reauthorizes the agency for another 12 years.

Among the most important changes is a requirement to prepare a “Land and Water Resources Conservation Plan,” which will become a basis for future land acquisition and park maintenance. The agency will have to inventory land and water in the state that are owned by governmental or non-profit entities providing public access. Unfortunately, land holdings of the School Land Board, General Land Office and Permanent University Fund were exempted.

While the Sunset Commission had suggested that the Legislature lift the \$32 million cap on sporting goods sales which are appropriated to the agency, or approve general obligation bonds for acquisition and development of park lands, the bill does not address this recommendation. Instead, the appropriations process and HJR 97 did through general obligation bonds.

The Sunset Bill also prohibits the agency from receiving funding from tobacco advertisements in department publications. The bill also requires the agency to develop policies for fund-raising activities of agency employees and requires the state auditor to audit any of these fund-raising activities.

C. Railroad Commission of Texas

The Railroad Commission of Texas is charged with overseeing a number of environmental programs related to the oil and gas, uranium and coal mining industries. During 2001, both the appropriations process and the RCT Sunset process had an impact on the agency's funding, fee rates and operations.

The Appropriations bill allowed the RCT a modest increase in its biennium budget (Table 4) due to:

- An increase of \$3.7 million in General Revenue Funds to fund the Oil and Gas Technology Migration Project. The project builds upon the existing West Texas Disaster Recovery and Operations Center (WTDROC).
- An increase of \$2.0 million in General Revenue-Dedicated Funds largely due to unexpended balances in the Oil Field Cleanup Fund and fee increases authorized by the Sunset bill.
- An increase of \$1.8 million in targeted salary increases;
- A decrease of \$1.5 million in federal funds due to declining federal funds.

In addition, the Appropriation bill directs RCT to:

- Review and update its Naturally Occurring Radioactive Material (NORM) regulations designed to protect workers and the public from airborne exposure to NORM based upon a completed Oil and Gas NORM waste study⁹.
- Review and update its oil well plugging regulations to “insure the groundwater resources of Texas are protected.”
- Evaluate the Oil and Gas Technology Migration Project.

⁹ SB 1338, passed by the Legislature, also allows the RCT to adopt regulations to “require the owner or operator of oil and gas equipment used in exploration, production, or disposal to:

- (A) determine whether the equipment contains or is contaminated with oil and gas NORM waste; and
- (B) identify any equipment determined to contain or be contaminated with oil and gas NORM.

Table 4. FY 00/01 v. FY 02/03 Appropriations in Core Program Areas at RCT⁽¹⁾¹⁰

Area	FY 00	FY 01	FY 02	FY 03
Monitoring and Inspections	\$9.22	\$9.23	\$11.90	\$11.81
Remediation, Reclamation and Plugging	\$21.2	\$17.56	\$23.01	\$12.73
Pipeline and LP Gas Safety	\$4.48	\$4.49	\$3.87	\$3.87
Rail Safety	\$1.27	\$1.29	\$1.19	\$1.19
Energy Resource Development (Well Permitting)	\$7.1	\$7.22	\$3.71	\$3.71
Gas Utility Compliance	\$1.66	\$1.68	\$1.53	\$1.53
Promote LP Gas Usage	\$3.93	\$2.92	\$3.17	\$2.85
Electronic Government	\$2.05	\$2.05	\$9.19	\$8.14
Terra Secondary Recovery Program	\$0.69	\$0.32		
Salary Increases			\$0.93	\$0.93
Total	\$51.59	\$46.76	\$58.50	\$46.75
Employees	850.5	850.5	788.3	784.1

(1) Does not include capital budget.

Sunset Bill

In addition to continuing the agency until 2013, SB 310, better known as the Railroad Commission of Texas Sunset bill, institutes a number of changes with regards to fees and functions of the agency. Among other provisions, the Sunset Bill:

- Raises the application fee for an exception to any commission rule from \$50 to \$150, with 2/3rd of the proceeds going to the oil-field cleanup fund;
- Requires a fee for a Natural Gas Policy Act application, not to exceed \$150.
- Requires the RCT to adopt guidelines by rule related to penalties for violations related to pipeline safety, with the resulting penalty applied to the oil-field clean-up fund;
- Doubles the oil-field cleanup regulatory fee imposed on crude petroleum from five-sixteenth of one cent to five-eighths of one cent on each barrel of 42 standard gallons.

¹⁰ *Seventy-sixth Legislature, Regular Session, Text of Conference Committee Report as modified by Senate Bill 4 and Governor's Veto Proclamation and Contingent Appropriations Included in House Bill No. 3211, Regular Session, May 22, 1999 and Seventy-seventh Legislature, Conference Committee Report, 3rd Printing, SB 1 General Appropriations Bill, May 20, 2001.*

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- Doubles the oil-field cleanup regulatory fee imposed on gas initially produced and saved in the state from one-thirtieth of one cent to one-fifteenth of one cent on each barrel of 42 standard gallons;
- Raises the drilling permit fee to drill, deepen, plug back or reenter a well. The fees range from \$200 to \$300 depending upon the depth of the well.
- Institutes additional fees of \$200 when spacing or density exception review is required;
- Raises additional fee of \$150, rather than \$50, when requesting the commission expedite an application for a well permit;
- Raises the fee on request for extension of time to plug a well from \$100 to \$300 in certain cases;
- Raises application fee for fluid injection well from \$100 to \$200
- Raises discharge to surface water fee from \$200 to \$300
- Raises the cap on the oil-field cleanup fund from \$10 million to \$20 million, at which point the agency stops collecting oil-field cleanup regulatory fees on oil and gas producers until the fund has fallen below \$10 million (rather than \$6 million);
- Requires the commission to prepare a publicly-available report that “reviews the extent to which money ..(in the oil-field clean-up fund)... has enabled the commission to better protect the environment and enhance the income (of the fund).” In addition, the bill creates a Governor-appointed Oil Field Cleanup Advisory Committee, which includes public officials, a member of the general public and industry representatives.
- Creates a “Voluntary Cleanup Program” to clean-up contaminated properties and sets forth the program and application fees of \$1,000.
- Increases organization report fees.
- Authorizes a person required to file a bond, letter of credit or cash deposit to file either an individual bond for each well (\$2 per foot for well depth unless well is located in bay or offshore) or a blanket bond; and requires that any transfer in ownership of wells be accompanied by a bond from the new owner, in addition to continuation of the old bond;
- Requires the commission to use only revenue derived from fees related to LPG activities to regulate LPG activities and to establish by rule “reasonable application and original license fees and renewal fees for each type of license” related to Liquefied Petroleum Gas activities.
- Increases license renewal fees if a license has expired more than 90 days

The result of these changes will be to increase the Oil Field Clean-up Fund as well as its accountability. In 1991, the Texas legislature created the Oil Field Cleanup Fund, which incorporated the Abandoned Well Plugging Fund as well as wider site remediation for spills and abandoned oil and gas fields and administration and enforcement of permits, orders and rules. The cleanup regulatory fees assessed on oil and gas production have provided between 20 and 30 percent of the total revenue collected over the last five years, with other permit and financial security fees, as well as Railroad Commission and Attorney General’s Office penalties and reimbursements making up the lion’s share of the fund. Between FY 1994 and 1999, \$77.9 million in revenues were collected, while

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\$72.9 million was spent. Approximately \$41 million of this total was used to clean up waste sites or plug wells during this period, with the rest providing revenue for enforcement, administration and other RCT expenses. The Sunset legislation will increase contributions from both well owners and oil and gas producers and other is expected to generate an additional \$9 million each year, although this total will decline as new “universal” or blanket bonding go into effect.¹¹

D. Texas Water Development Board and Non-Self Supporting GO Water Bonds

Texas Water Development Board’s budget did not change substantially between the 2000/01 and the 2002/03 biennium (Table 5). Among the major changes between the bienniums were:

- Increase of \$9.6 million in Water Assistance Funds due to unexpended balances;
- Reduction of \$7.8 million in long-range water supply planning grants, due to completion of planning activities required by SB 1 from Seventy-fifth Legislature, 1997;
- Decrease of \$2.2 million due to completion of Canadian River Chlorine Project, although some \$338,000 is still left to complete the project.
- Increase of \$1.87, as authorized by TWDB sunset bill, for wastewater improvement grants for cities in the North Bosque River watershed as part of TMDL implementation process;¹²
- An increase of \$1 million for a 30-year loan at no-interest for the Hueco Bolson desalination project in El Paso;
- An increase of \$0.3 million for research relating to aquifer recharge characteristics of the playa lakes
- A decrease of \$1 million in state matching funds for the State Revolving Fund, due to decline in anticipated federal grants;
- A decrease of \$4.9 million due to completion of first phase of Strategic Mapping Pool (Stratmap) Project; and completion of the Emergency Interconnects Project;

Table 5. FY 00/01 v. FY 02/03 Appropriations in Core Program Areas at TWDB⁽¹⁾¹³

Area	FY 00	FY 01	FY 02	FY 03
Data Collection	3.62	3.64	3.89	4.06
Long-Range Water Supply Planning	16.47	6.59	8.21	7.54
Natural Resource	9.76	9.77	2.44	2.48

¹¹ Legislative Budget Board, Fiscal Note: SB 310 by Harris, Conference Committee Report, May 26, 2001.

¹² Eligible cities for grants include the City of Clifton, City of Hico, City of Iredell, City of Meridian, City of Stephenville and City of Valley Mills.

¹³ *Seventy-sixth Legislature, Regular Session, Text of Conference Committee Report as modified by Senate Bill 4 and Governor’s Veto Proclamation and Contingent Appropriations Included in House Bill No. 3211, Regular Session, May 22, 1999 and Seventy-seventh Legislature, Conference Committee Report, 3rd Printing, SB 1 General Appropriations Bill, May 20, 2001.*

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Information System				
Water Resources Information	10.34	10.51	11.70	12.22
Facility Planning	7.25 (2)	4.04	4.32 (4)	3.99
Conservation Assistance	2.50	2.50	0.59	0.61
Financial Assistance	10.57	8.54	12.91(5)	10.32 (5)
Economically Distressed Areas	1.71	1.64	2.36	2.46
Indirect Administration	2.76	2.81	3.80	3.94
Unspent Balance for Water Assistance Fund	0.5 (3)		9.65 (3)	
Total	56.18	40.58	49.33	36.63
Total Employees	313.5	313.5	314.5	314.5

- (1) Does not include capital budget;
- (2) Includes \$2.8 million for Canadian River Basin Chloride Project;
- (3) Unexpended balance at the beginning of each biennium; thus, at the end of FY 2001, more than \$9.6 million was unexpended and was carried over to FY 2002. This amount should be subtracted from previous biennium total.
- (4) Includes \$0.34 million for Canadian River Basin Chloride Project;
- (5) Includes \$0.02 million in salary increases; \$1.87 million in FY 2002 for North Bosque Capital Improvements for TMDL Implementation; and \$0.26 million per fiscal year for Rural Community Water and Wastewater Loan Program.

In addition to the budget for the TWDB itself, some \$44 million in debt service must be paid by the state in FY 2002 and 2003 due to the large number of non-self supporting bonds scheduled for issue by the TWDB. Essentially, these are bonds which the state is subsidizing and will therefore lead to an increase in costs to the state.

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The \$44 million represents an increase of more than \$18 million from the previous biennium and includes:

- A \$7.7 million increase for debt payment on grants to colonias under the Economically Distressed Areas Program (EDAP);
- Increase of \$7.4 million for debt service on State Participation Bonds;
- Increase of \$3 million in debt service for \$15 million brush control grant program being administered by Soil and Water Conservation Board and \$1 million being administered by the Department of Agriculture for salt cedar removal in the Pecos River watershed.

Table 6. FY 00/01 v. FY 02/03 Appropriations in Debt Service Payment on General Obligation Water Bonds

Area	FY 00	FY 01	FY 02	FY 03
EDAP Debt Service	\$ 9.57	\$13.95	\$10.73	\$15.37
State Participation Debt	\$4.88	\$6.5	\$6.98	\$7.98
Brush Control Debt	\$0	\$0	\$0	\$2.95
Total	\$14.45	\$20.45	\$17.72	\$26.30

TWDB Sunset Bill

In addition to these changes in the Appropriations Bill, SB 312 – the TWDB Sunset Bill – instituted a number of changes which impact funding at the agency. First of all, as already mentioned, the bill created a \$1.9 million grant program for cities in the North Bosque watershed to update their wastewater treatment plants. In addition, the Sunset Bill:

- Creates a Rural Community Water and Wastewater Loan Pilot Program to provide small loans to rural communities for the construction, acquisition or improvement of water and wastewater projects. The Board must adopt rules to cover the program by March 1, 2002 and make their first loan by September 1, 2002. The Appropriation bill sets aside \$260,000 each year to jumpstart the program.
- Creates a colonia self-help account which allows grants to be given directly to non-profit organizations which help set up a program which leads to water and wastewater service for colonia residents.
- Authorizes the use of certain loan funds for grants for projects for which federal grants are placed in the loan fund, on specific legislative appropriation for those projects, or for desalination, brush control, weather modification, regionalization and projects providing regional water quality enhancement services as defined by board rules, including regional conveyance systems.

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- Requires the state water pollution control revolving fund to be used for non-point source pollution control and abatement projects by creating a separate account and adopting rules of eligibility for the fund.
- Expands the use of funds for grants or loans for agriculture water conservation projects, allowing the board to lend to political subdivisions, including state agencies, for these purposes and allows TWDB to adopt rules to enact these changes. As part of the Appropriations process, the Board was authorized to issue \$16 million in Agricultural Water Conservation Bonds to be issued for grants for brush control projects by the Soil and Water Conservation Board (\$15 million) and the Department of Agriculture in the Pecos River Ecosystem Project (\$1 million).
- Requires a joint study with the State Soil and Water Conservation Board “of the ways to improve or expand water conservation efforts and report to the legislature.”
- Creates a new Colonia Initiatives Advisory Committee and renames a previous committee as the Colonia Resident Advisory Committee;
- Exempts certain equipment and services related to rainwater harvesting, desalination, brush control, precipitation enhancement and other items relating to water and wastewater systems from use and sales tax and would allow taxing units to exempt all or part of assessed value of property on which approved desalination or brush control projects have been implemented; These exemptions are estimated to result in losses of \$4.3 million in FY 2002 and \$4.7 million in FY 2003.

Other Legislation Affecting Funding at TWDB

SB 2 represented the major legislative action on water issues this session. Among other topics the legislation touched on the regional planning process, protection of instream uses, groundwater provisions and financing for water projects. As originally drafted, the legislation would have created new revenue sources for financing water projects, including a dollar per person tax collected by counties, a sales tax on water sales and a surcharge on bottled water. However, the final version of the legislative contained none of these provisions.

SB 2 did however set up two new funds – the Rural Water Assistance Fund and the Water Infrastructure Fund – to be set up by TWDB if funding later became available. A constitutional amendment proposal (**HJR 81**) to issue up to \$2 billion in bonds, some of which could be used to finance the Water Infrastructure Fund, also passed the legislature this session (see below).

Finally, SB 2 establishes a Joint Committee on Water Resources, a legislative interim study composed of three House members and three Senate members. Among other charges the committee must make recommendations on developing sufficient long-term water financing strategies and water marketing. The committee is also charged with completing and submitting a report to the Legislature by November 1, 2002.

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HJR 81 provides for the issuance of additional general obligation bonds by the Texas Water Development Board – at its determination – for one or more accounts of the Texas Water Development Fund II, in an amount not to exceed \$2 billion . The monies could be used for a variety of water infrastructure projects, including water supply projects, water quality enhancement projects, flood control projects, state participation in water and wastewater facilities and economically distressed areas projects. At least \$50 million of the bonds would be put into the water infrastructure fund created by SB 2. The joint resolution must be approved by voters on November 6, 2001 to become effective.

IV. Opportunities for Public Involvement in Fees and Funding Issues at the Agencies

This brief section highlights a number of the opportunities for public involvement in fees and funding issues at the natural resource agencies in Texas.

TNRCC

Both the change to a combined “Water Quality Fee” and the requirement to consider equity in the Drinking Water Inspection Fee resulting from the TNRCC Sunset Legislation will require that new rules be developed at TNRCC. These could potentially give the agency a greater source of revenue in future years to fund the water quality and drinking water programs, while improving equity among fee payers.

Currently, the large discharges of wastewater in the State are helped by both a financial cap on the total amount of the fee they can be assessed as well as by a limit on the number of points which can be assessed against them for the flow volume of their discharge. For example, in FY 2000, the cap for both municipal and industrial wastewater discharge permits was set at \$25,000, while aquaculture facilities were capped at \$5,000.

In addition, while one of the most important parameters in calculating the fee is total flow volume, the maximum number of points which can be assessed for large flow volumes (over six million gallons per day) is limited no matter whether the total flow is 6.1 MGD or 100.1 MGD. Thus, those accounts with large flow volumes actually pay lower fees per volume than do permits with smaller volumes of flows¹⁴. Thus, the fee supporting the agency is born principally by smaller wastewater dischargers.

The TNRCC will also be required to develop new rules for the Public Health Fee, which funds the state’s drinking water program. Currently, the fee is calculated by adding three fees based upon the number of wells, the number of surface water plants and most importantly, the number of connections. Nonetheless, the number of connections fee is not based upon a flat rate, but rather on a negative exponential formula, which actually decreases the cost per connection as the number of connections increases.¹⁵ Consequently, there is a wide variation in the average cost per connection between large and small systems. For example, in FY 2000, while the largest system --the City of Houston -- paid 0.09 cents for each connection, the 5,872 smallest systems paid an average of \$1.76 per connection.¹⁶

¹⁴ For more information about this fee, see Texas Center for Policy Studies, Adequately Funding State Environmental Protection Programs: Moving Toward a Pollute Less, Pay Less System, September 2000.

¹⁵ Under 30 Texas Administrative Code Section 290.51 (a)(3) the connection fee is calculated according to the following formula: Fee = (c)^{0.65} x \$9.50; where (c) = Number of connections.

¹⁶ For more information about this fee, see Texas Center for Policy Studies, Adequately Funding State Environmental Protection Programs: Moving Toward a Pollute Less, Pay Less System, September 2000.

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The TNRCC is expected to propose draft rules on the Public Health Fee on September 26 with the public comment period likely to be from October 12th through November 12th. The Texas Tax and Environmental Fee Reform Project has issued a report recently recommending various approaches to make the fee more equitable, and calling into question the TNRCC's draft proposal.¹⁷

On consolidation of the Waste Water and Clean Rivers fee, the agency is expected to hold meetings with external interest in early January 2002, with draft rules occurring sometime in the spring.

In addition, both the appropriation process and the sunset bill require a number of studies and authorize funding to deal with the disposal of tires. The public might have input on these studies and funding decisions. Among the tire provisions include:

In addition to these issues, HB 3121 which should improve the Proposition II Pollution Control Equipment Property Tax Exemption Program, will require that new rules be developed. On September 12th, the new rules will be proposed at the Commissioner's Agenda meeting. Again, this gives the public an opportunity to comment on these important rules for ensuring that only that portion of property that is truly used for pollution control receives a tax break.

Railroad Commission of Texas

Most of the increased fees approved through the RCT sunset legislation do not require rule changes because they are statutorily set, but both the appropriations bill and the Sunset Bill for the Railroad Commission of Texas create other opportunities for public involvement. For example, the Railroad Commission will be updating its rules both for Naturally Occurring Radioactive Materials and for its oil well plugging regulations.

In addition, in part because the Sunset Bill changes and increases funding for the Oil Field Cleanup Fund, the bill creates a Governor-appointed Oil Field Cleanup Advisory Committee with public representation, and also requires a yearly report on the cleanup fund.

Texas Water Development Board

The TWDB sunset bill creates a number of opportunities for public involvement in fee and funding issues. First of all the Board must adopt rules by March 1, 2002 for the new Rural Community Water and Wastewater Loan Pilot Program. This gives the public an opportunity to help shape this new program.

In addition, the requirement that the Texas Water Pollution Control Revolving Fund be used for non-point source pollution control and abatement projects will lead to the

¹⁷ Texas Center for Policy Studies, The Public Water Systems Fee: In Need of a Facelift (Austin, TX: TCPS, September 2001).

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development of new rules and ultimately projects which the public could help identify and support.

Constitutional Amendments

There are two constitutional amendments on the ballot this November which if approved by voters could lead to financing for environmental and natural resource projects. The public can become involved not only in learning about the issues related to this financing, but in the election itself. First of all, HJR 97 – if passed – would authorize up to \$850 million in general obligation bonds, \$101.5 million of which would go to park maintenance at TPW.

Secondly, HJR 81 would authorize the Texas Water Development Board to issue up to \$2 billion in bonds for its Texas Water Development Fund II, with at least \$50 million going to the Texas Water Infrastructure Fund, created, but unfinanced, by SB 2. There are benefits and costs to this proposal. Chief among the potential costs is the possibility that funds will be created for water infrastructure projects that are not needed and will lead to rate increases for Texas citizens.

V. *Opportunities Missed*

The legislature missed an historic opportunity to create a more stable and equitable fee base for the Clean Air Account by not changing the air emissions fee. Currently, industries in Texas pay \$26/ton for air emissions of carbon monoxide, volatile organic compounds, nitrogen oxides, sulfur dioxide, lead, particulate matter and various other pollutants, including hydrogen sulfide and hydrogen fluoride. Through this fee, some 1,860 companies paid the state over \$37 million in FY99 and over \$38 million in FY2000. This money is used to fund the Title V operating permit program. Unfortunately, the air emissions fee is statutorily capped at 4,000 tons per year for each pollutant, meaning that industries that emit more than 4,000 tons of a particular pollutant enjoy a volume discount. Thus, the largest polluters in the state pay on a per-ton basis the lowest amount to TNRCC. For example, in FY 2000, the four facilities which emitted more than 100,000 tons of pollutants paid an average of \$3/ton, while the 1,750 facilities emitting less than 4,000 tons paid the full \$26/ton fee.¹⁸ (The Appropriations Bill does give authority to the TNRCC to charge an emissions fee for upset and maintenance emissions for the first time. Nonetheless, the 4,000 emissions cap will still apply, so that the largest polluters will not be affected by this change since they are already at the cap. The change will allow the agency to raise approximately \$1.1 million per year in FY 2002 and 2003.)

During the legislative session, various proposals to either raise the cap from 4,000 to 8,000 tons or totally eliminate the cap were put forth. In fact, an amendment to raise the cap from 4,000 to 8,000 tons sponsored by Senator Gonzalo Barrientos in the Senate version of the TNRCC Sunset Bill was accepted without opposition, but was stripped out of the bill during conference committee. The amendment would have increased revenues to the TNRCC while allowing the agency to either reduce fees slightly or at least not raise them. The change in the fee was vigorously opposed by the leading industrial associations, including the Texas Association of Chambers of Commerce and Businesses, even though much of its membership would have benefited from the change.

According to the Title V Fee Demonstration being submitted to EPA, because emissions are falling, and because the cap is still in place, TNRCC will raise the fee from \$26 per ton to \$30 per ton in FY 2003 in order to raise the needed fees for the Title V program. In the process, smaller industries will again bear the brunt of the fee, and an even more inequitable fee system will occur. *In failing to either eliminate the cap or raise it from 4,000 to 8,000 tons, the Legislature lost a unique opportunity to raise needed revenues, address equity in the fee-based program and encourage pollution prevention.*

¹⁸ For more information about this fee, see Texas Center for Policy Studies, *Adequately Funding State Environmental Protection Programs: Moving Toward a Pollute Less, Pay Less System*, September 2000.