TCEQ September 2021

# Issue 8: Revenue Shortage in the Hazardous and Solid Waste Remediation Fees Account 0550

## A. Brief Description of Issue

The Hazardous and Solid Waste Remediation Fees Account (Account 0550) fund balance is decreasing rapidly. As fund obligations exceed annual revenue, the fund is expected to be depleted in FY 2026.

### B. Discussion

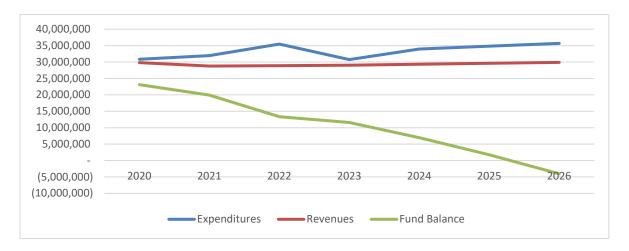
The largest revenue source in Account 0550 is the fee assessed on the sale of lead-acid batteries. In Texas, a \$2 fee is assessed on the sale of a lead acid battery with less than 12 volts in capacity and a \$3 fee is assessed for a lead acid battery with a 12 volt capacity or more. The fee is paid to the state by a wholesale or retail battery dealer after collection of surcharges from customers. The fee is authorized by the Texas Health and Safety Code (THSC) Section 361.138 and the fee amounts have not changed since established by House Bill 1986 (72R). The agency collected approximately \$23 million in FY 2020 from the sale of lead-acid batteries.

Account 0550 is mainly used to support the Superfund program, which addresses release or threatened release of hazardous substances at abandoned and inactive facilities. The account also supports the Innocent Owner/Operator Program, which provides a certificate to an innocent owner or operator if their property is contaminated because of a release or migration of contaminants from a source or sources not located on the property, and they did not cause or contribute to the source or sources of contamination.

The closing FY 2020 fund balance for Account 0550 was \$23.1 million. The fund balance is expected to decline by \$3 million or more each year. For example, projected expenses in FY 2021 are \$31.9 million while projected revenue collection is \$28.7 million. Expenditures exceed revenue by \$3 million in FY 2021.

The following graph illustrates Account 0550 fund balance projections.

### Hazardous and Solid Waste Remediation Fee Account Fund Balance Projection



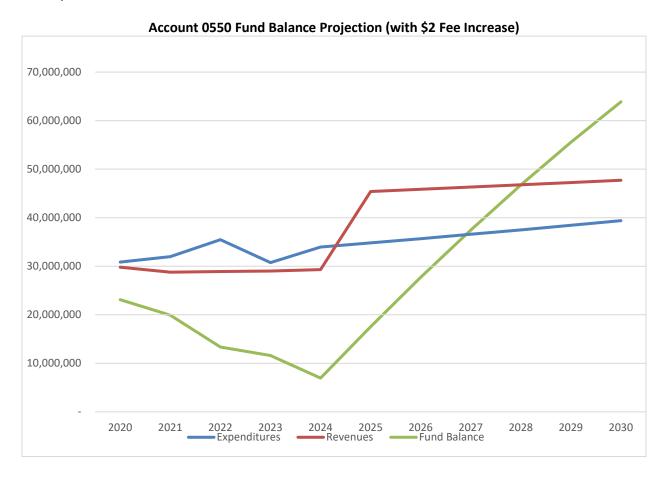
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## C. Possible Solutions and Impact

TCEQ recommends amending the statute to allow the agency to set the fee rate by rule. With an increased fee adopted in TCEQ rule, the revenue stream for the account can be stabilized allowing for greater flexibility in long-term planning for current and future obligations related to remediation.

If the battery fees are increased by \$2 so that each battery with a capacity of less than 12 volts is assessed a fee of \$4 and each battery with a capacity of 12 volts or higher is assessed a fee of \$5, the annual revenue for Account 0550 would increase by an estimated \$15.8 million per year. The following graph illustrates the impact of the \$2 increase.



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