

---

**SUBJECT:** Terminating certain businesses that caused an environmental disaster

**COMMITTEE:** Environmental Regulation — favorable, without amendment

**VOTE:** 6 ayes — Landgraf, Dominguez, Dean, Goodwin, Morales Shaw, Reynolds

3 nays — Kacal, Kuempel, Morrison

**WITNESSES:** For — Leticia Ablaza, Air Alliance Houston; Cyrus Reed, Lone Star Chapter Sierra Club; Adrian Shelley, Public Citizen; Marsha Jackson; Jana Pellusch; (*Registered, but did not testify*: Jamaal Smith, City of Houston, Office of the Mayor Sylvester Turner; Julie Campbell)

Against — Mark Vickery, Texas Association of Manufacturers; Sam Gammage, Texas Chemical Council; Bryan Shaw, Texas Oil and Gas Association; (*Registered, but did not testify*: JP Urban, AECT; Steven Albright, Associated General Contractors of Texas Highway Heavy Utility and Industrial Branch; Martha Landwehr, BASF; Buddy Garcia, LafargeHolcim; Michael Lozano, Permian Basin Petroleum Association; Ryan Paylor, Texas Independent Producers & Royalty Owners Association; Ches Blevins, Texas Mining and Reclamation Association)

On — Craig Pritzlaff, Texas Commission on Environmental Quality; (*Registered, but did not testify*: Sabine Lange, Texas Commission on Environmental Quality)

**BACKGROUND:** Certain parties have raised concerns about businesses in Texas causing environmental disasters. Some suggest terminating such businesses to prevent them from operating until the disaster was remedied.

**DIGEST:** HB 3477 would require the Texas Commission on Environmental Quality (TCEQ) to adopt rules to establish criteria for determining whether a filing entity that was subject to an enforcement action was responsible for an environmental disaster in the state.

An "environmental disaster" would mean a violation of law under the jurisdiction of TCEQ resulting in significant harm to human life. A "filing entity" would mean a domestic entity that was a corporation, limited partnership, limited liability company, professional association, cooperative, or real estate investment trust.

In adopting the rules, TCEQ would have to consider whether a violation caused:

- an increase in fatal diseases, including cancer, in the population near the facility where the violation occurred;
- contaminated water or air; or
- a negative effect on the quality of life of the population near the facility.

If TCEQ determined that a filing entity was responsible for an environmental disaster, TCEQ would have to issue an order for the termination of the filing entity. The secretary of state could terminate a filing entity's existence if it had been issued an order of termination.

The order would have to include a provision for how the entity could meet requirements for reinstatement through the remediation of the environmental disaster.

A filing entity that received a termination order could file with TCEQ evidence showing that it had met the remediation requirements. If TCEQ determined that the entity had met the requirements, TCEQ would have to issue an order for reinstatement. The secretary of state could reinstate a filing entity that had been issued an order of reinstatement.

The bill would take effect September 1, 2021, and apply only to a violation committed on or after that date.