

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 11, 2003

TO: Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1436 by Hochberg (Relating to fees credited to the Texas emissions reduction plan fund.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1436, As Introduced: a negative impact of (\$730,250) through the biennium ending August 31, 2005, if the effective date of the bill is June 1, 2003; or a negative impact of (\$817,000) through the biennium ending August 31, 2005, if the effective date of the bill is September 1, 2003.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Texas Emissions Reduction Plan 5071	Probable (Cost) from Texas Emissions Reduction Plan 5071	Change in Number of State Employees from FY 2003
2003	\$86,750	\$33,773,500	(\$33,773,500)	27.0
2004	\$347,000	\$135,094,000	(\$135,094,000)	27.0
2005	(\$1,164,000)	\$112,908,000	(\$112,908,000)	27.0
2006	(\$2,040,000)	\$38,765,000	(\$38,765,000)	9.0
2007	(\$3,568,000)	\$40,122,000	(\$40,122,000)	9.0
2008	(\$5,036,000)	\$41,727,000	(\$41,727,000)	9.0

The first scenario assumes the bill would receive two-thirds vote in both houses, thereby becoming effective immediately (June 1, 2003 for purposes of this estimate). Estimates for 2003 are based on 25 percent of 2004 projected revenues. The second scenario assumes the bill would take effect on September 1, 2003. The dynamic effect has not been applied to 2003.

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Fiscal Analysis

The bill would amend the Health and Safety Code to create a fee on the delivery of regular diesel products.

The fee would be levied at rates ranging from \$62.50 to \$450 per delivery, depending on cargo tank size. The fee would be imposed on the delivery of almost all regular diesel products, and it would be collected, administered, and enforced in the same manner as the petroleum product delivery fee imposed under Water Code Section 26.3574, except that no additional permit would be required.

After depositing 2 percent of the fees collected to the General Revenue Fund 0001 as the state charge for its services, the balance would be deposited to GR Account 5071—Texas Emissions Reduction Plan (TERP).

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Methodology

This estimate assumes that the delivery fee would affect the number of gallons of diesel fuel sold in affected counties, as consumers and end users adjusted to the higher prices. To obtain the estimated fiscal impact, the fee schedule was applied to the number of withdrawals projected to occur. Allowances were made for statutory lags in remittances. Additionally an allowance was made for the two percent state service charge which would be credited to Fund 0001. This estimate does not assume that the 2 percent deduction would be used by the Comptroller for administrative costs associated with collecting the fee, as indicated in the bill, because the Comptroller has not identified significant cost increases associated with collecting the fee. Proceeds of the 2 percent deduction would be credited to the General Revenue Fund.

Under the State Implementation Plan for the control of ozone air pollution, the Texas Commission on Environmental Quality (TCEQ) has promulgated rules that set April 1, 2005 as the date after which only low emission diesel fuel could be sold in 110 named Texas counties. This estimate assumes this rule will go into effect as scheduled; thus, beginning on April 1, 2005, the amount of regular diesel fuel subject to the fee would be reduced.

The estimated fiscal implications to general revenue reflect estimated dynamic tax feedback effects created by the increase/decrease in industry and/or individuals' tax burdens. The dynamic tax feedback effects are shown only with respect to the gain/loss incurred by the General Revenue Fund 0001.

This estimate assumes that all revenues accruing to the TERP Account No. 5071 would be appropriated by the Legislature to agencies administering TERP programs according to the statutory allocations in Health and Safety Code, Section 386.252 and provisions contained in House Bill 1, As Introduced. Since each of the agencies would be managing significantly larger programs than under the current revenue stream, especially during 2004-05, the following additional FTEs would be expected to be added: 9 FTEs at the TCEQ in 2004 and 2005, with only 3 FTEs needed in 2006-08 as revenues decline significantly; 9 FTEs at the Comptroller of Public Accounts in 2004-05, with only 3 additional needed in 2006-08; and 3 FTEs for each the Public Utility Commission; the Texas Council on Environmental Technology and the Texas Engineering Experiment Station (Energy Systems Laboratory) in 2004-05, with only 1 additional FTE needed at each of the three agencies in 2006-08.

Technology

Additional technology costs to the Comptroller's Office for collecting the new fees are not expected to be significant. Technology costs for additional FTEs associated with administering the TERP program are not expected to be significant.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller Of Public Accounts, 582 Commission On Environmental Quality, 601 Department Of Transportation

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