

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2230 by Turner (Relating to the imposition of an excessive emissions events fee to support air quality monitoring at certain schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2230, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from New General Revenue Dedicated--School Air Monitoring Account	Probable (Cost) from New General Revenue Dedicated--School Air Monitoring	Change in Number of State Employees from FY 2003
2004	\$20,318,000	\$0	0.0
2005	\$18,427,000	(\$9,200,000)	6.0
2006	\$16,631,000	(\$26,400,000)	6.0
2007	\$14,924,000	(\$27,600,000)	6.0
2008	\$13,303,000	(\$20,400,000)	6.0

Fiscal Analysis

The bill would require facilities in nonattainment areas releasing 10,000 pounds of air contaminants in a year from emissions events to pay a fee equal to \$1 for each pound in excess of 10,000 pounds. Fees would be deposited to the newly created School Air Monitoring Account within the General Revenue Fund.

Proceeds of the fee could only be used by the Commission on Environmental Quality (TCEQ) to implement a plan to ensure that the air quality of schools located within two miles of emissions sources does not threaten the health of children at the school.

The TCEQ would be required to implement the plan prior to June 1, 2004.

Methodology

According to the TCEQ, the new fee proposed by the bill would generate \$20.3 million in fiscal year 2004, decreasing to \$13.3 million by 2008. This revenue estimate is based on emission events tonnage of 97 million pounds in 2003, and an projected decline in emission events tonnage of 5 percent per year. The estimate also assumes that 82 percent of emissions events occur in nonattainment areas and that 50 percent of these events are upset events instead of maintenance events, the latter of which is not addressed by the bill.

The TCEQ would incur administrative costs in developing the plan required by the bill. The agency expects that these costs could be absorbed by the agency in fiscal year 2004. However, beginning in fiscal year 2005, additional resources would be required to implement the bill. These costs would be associated with additional monitoring stations being installed at schools throughout nonattainment areas. It is estimated that the TCEQ would require six additional FTEs and approximately \$400,000 in related administrative costs per year to conduct investigations, collect and process data, execute and monitor contracts and audit monitoring instrumentation.

The TCEQ also would incur costs associated with the installation and operation of air monitoring stations at 400 potential schools estimated to be located within two miles of a federally-defined emissions source. This estimate assumes monitoring stations would be added only to the extent that funds would be available in the School Air Monitoring Account. The estimate also assumes that capital costs to install a monitoring station would average \$240,000 and that operation and maintenance costs would average \$200,000 per year. This would provide for 20 monitoring stations to be added in 2005, 50 in 2006 and 30 in 2007.

Local Government Impact

According to the TCEQ, there are at least 11 facilities owned or co-owned by local governments that could be required to pay fees for emissions events upon passage of the bill. The TCEQ estimates that such fees paid by local governments could total \$213,000 annually.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 701 Central Education Agency

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