

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 21, 2003

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2444 by West, George "Buddy" (Relating to certain purchases by the Railroad Commission of Texas.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2444, As Engrossed: a positive impact of \$112,720 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	\$77,120
2005	\$35,600
2006	\$32,140
2007	\$32,140
2008	\$32,140

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from GENERAL REVENUE FUND 1	Probable Savings from OIL-FIELD CLEANUP ACCT 145	Probable Savings from FEDERAL FUNDS 555
2004	\$77,120	\$96,880	\$13,840
2005	\$35,600	\$31,140	\$6,920
2006	\$32,140	\$38,060	\$6,920
2007	\$32,140	\$38,060	\$6,920
2008	\$32,140	\$38,060	\$6,920

Fiscal Analysis

The bill would exempt the Railroad Commission from certain purchasing requirements for purchases under \$300,000. The bill also would exempt the Commission from purchasing procedures for purchases in connection with the remediations or well pluggings, and the bill would exempt the agency from alternative fuel vehicle purchase requirements for vehicles used outside of areas designated as nonattainment for air quality.

Methodology

Exempting the Railroad Commission from purchasing requirements is not expected to result in significant savings to the state.

Exempting the Railroad Commission from alternative fuel vehicle purchase requirements, except in nonattainment areas, is expected to result in savings to the agency totaling \$187,840 in fiscal year 2004, and approximately \$75,000 in future years. This estimate assumes that 54 vehicles would be purchased in 2004 and that none of these purchases would be alternative fueled vehicles. In fiscal years 2005-08, this estimate assumes that since only 16 percent of the agency's vehicle purchases are for use in nonattainment areas, and 50 percent of those purchases, or 8 percent of overall vehicle purchases, would continue to be alternative fuel vehicles. This would result in a savings of the cost of conversion to alternative fuel vehicles on 42 percent of future agency purchases. The number of vehicles assumed to be purchased in 2005 would be 21, with 22 vehicles purchase in subsequent years.

According to the Railroad Commission, each vehicle that does not have to be converted to alternative fuels results in a savings of \$3,460.

This estimate assumes that a portion of savings resulting from this bill would come from each of the following: General Revenue, the Oil Field Cleanup Account No. 145, and Federal Funds. The allocation among the methods of finance was provided by the Railroad Commission, based on historical vehicle purchases.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JK, CL, RR, TL