

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3447 by Noriega (Relating to port control of vehicle emissions.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would establish a port air quality program which would prohibit diesel powered trucks from idling their engines for more than 30 minutes while waiting to enter a port or navigational district. The bill provides civil penalties in the amount of \$250 per truck to be assessed against a port or navigational district for operating in a manner that allows trucks to idle more than 30 minutes. Civil penalties in the amount of \$750 per truck could be assessed against a port or navigational district for trying to avoid or circumvent the reductions.

The bill provides an exemption to the idling prohibitions for ports or navigational districts.

The bill adds additional responsibilities to the Texas Commission on Environmental Quality (TCEQ), since the agency would be required to monitor ports or navigational districts for compliance with the requirements of the bill. Specifically, the agency would be required to adopt rules, establish a level of monitoring and enforcement needed at each port or navigational district based on the level of truck idling problems. Operational changes and development of policy and guidance would be required for the Field Operations Division to monitor facilities and to ensure compliance. TCEQ regional offices would incorporate compliance evaluation into existing investigation schedules.

Since the TCEQ expects that all requirements imposed by the bill could be absorbed within existing agency resources, no significant additional costs to the state are anticipated.

There could be a positive impact to the General Revenue fund from the collection of civil penalties on ports or navigation districts for noncompliance with the provisions of the bill. The revenue increase is not expected to be significant.

Local Government Impact

The Port of Houston Authority reports that implementing the provisions of the bill would create costs and revenue losses at the Barbours Cut Container Terminal Complex, as well as other terminals in the port authority's system.

To meet the "continuous service" exemption rule proposed in Section 382.253(a) the bill would require the port authority to have full staffing during the staggered meal hour from 11am to 1pm. This would require double overtime to be paid to personnel and more paperwork and oversight to prevent non-compliance with federal labor laws.

To meet the 70-hour exemption rule proposed in Section 382.253(b) of the bill, the authority would have to extend its hours at all terminals. This would cost the authority approximately \$150,000 per week or \$7.8 million per year at Barbours Cut alone. Keeping other terminals open would involve additional costs; without a guarantee that trucking companies and distribution centers would utilize the additional hours, this would result in a significant revenue loss for the port authority.

Implementation of the other provisions of the bill would also result in loss of revenue. Barbours Cut has about 2,000 trucks per day. As a worst-case scenario, a crowded day could result in 100 percent of the trucks delayed over 30 minutes. Two thousand trucks at \$250 per truck is \$500,000 per day. A minimum of 10 days per year with maximum crowding would result in \$5 million in fines. The second fine of \$2,000 for every three violations would add another \$1,333,333 per day; 10 crowded days per year would equal an additional \$13.3 million in fines. The total would be \$18.3 million in possible fines.

Another cost in implementing the bill would be the \$750 per truck fine for requiring the driver to shut off the engines while queuing. Under the Environmental Protection Agency and Texas Commission on Environmental Quality's State Implementation Plan for ozone reduction in Houston to attain compliance with the Clean Air Act, the truck drivers at the port are required to shut off their engines after idling only five minutes. If one-fifth of the 2,000 trucks idle five or minutes and are required to shut off their engines, the 400 trucks at \$750 per truck would equal a \$300,000 fine per day. Multiply the fine per day by 10 days and the total annual cost would be \$3 million.

The total cost for the Port of Houston Authority to implement the bill could range from \$7.8 million to \$21.3 million per year at just the Barbours Cut facility. This number represents 7 to 18 percent of the port's budget. Adding in the costs for the other terminals would result in even higher costs.

Source Agencies: 582 Commission on Environmental Quality, 601 Department of Transportation

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