

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 29, 2005

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2793 by Bonnen (Relating to the removal and collection of convenience switches from motor vehicles.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2793, Conference Committee Report: a negative impact of (\$415,212) through the biennium ending August 31, 2007.

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
2006	(\$210,856)
2007	(\$204,356)
2008	(\$204,356)
2009	(\$204,356)
2010	(\$204,356)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	(\$210,856)
2007	(\$204,356)
2008	(\$204,356)
2009	(\$204,356)
2010	(\$204,356)

Fiscal Year	Change in Number of State Employees from FY 2005
2006	1.0
2007	1.0
2008	1.0
2009	1.0
2010	1.0

Fiscal Analysis

The bill would regulate the removal of convenience switches in end-of-life vehicles which are sold to a scrap metal recycling facility by creating a convenience switch recovery program at the Texas Commission on Environmental Quality (TCEQ), contingent upon promulgation of regulations by the U.S. Environmental Protection Agency (EPA) and the U.S. EPA's recognition of state convenience switch recovery programs as an acceptable compliance method with Section 112 of the federal Clean Air Act. The provisions of the bill would apply to a manufacturer of vehicles sold in this state and a vehicle recycler or scrap metal recycling facility in this state.

The bill would require auto manufacturers, individually or as part of a group, to develop a convenience switch recovery program using existing end-of-life vehicle infrastructure as much as possible by January 1, 2006 that provides: 1) convenience switch information for each make, model, and model year of a vehicle; 2) educational materials for recycling facilities; 3) methods for recycling or disposing of convenience switches including the method of packaging and shipping the convenience switches to an authorized recycling, storage, or disposal facility; and 4) methods for storage of a convenience switch collected if environmentally appropriate recycling or disposal technologies are not available.

The TCEQ would be required to provide an annual implementation report to the Governor, the Lt. Governor, the Speaker and various legislative committees with responsibility for environmental issues. The first report would be due on or before December 31, 2006. In addition, auto manufacturers, either individually or as part of a group, are required to provide an annual implementation report to TCEQ which includes the total number of convenience switches recovered in the state, and the total amount of mercury recovered from the switches during the preceding 12 months.

The bill would take effect immediately if it received a two-thirds vote of each house. If it received only a simple majority vote, the effective date would be September 1, 2005.

Methodology

For purposes of this analysis, TCEQ is expected to incur costs associated with administering and providing regulatory incentives for a convenience switch recovery and recycling program. One additional FTE would be needed for compliance investigations and contractor services would be used to provide compliance assistance to vehicle and scrap recyclers at a cost of \$150,000 per year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WP, WK, ZS, TL