

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 2005

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

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; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2793, As Introduced: a positive impact of \$334,788 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	\$39,144
2007	\$295,644
2008	\$295,644
2009	\$295,644
2010	\$295,644

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2005
2006	\$250,000	(\$210,856)	1.0
2007	\$500,000	(\$204,356)	1.0
2008	\$500,000	(\$204,356)	1.0
2009	\$500,000	(\$204,356)	1.0
2010	\$500,000	(\$204,356)	1.0

Fiscal Analysis

The bill would establish a convenience switch recovery plan for removing, collecting, and recovering convenience switches from end-of-life vehicles sold to scrap metal recycling facilities. Manufacturers would be required to develop plans for the recycling of convenience switches, which would be reviewed and approved by the Texas Commission on Environmental Quality (TCEQ). Manufacturers also would be required to pay two fees: a \$5 fee for each switch to be paid to the scrap metal recycling facility; and a \$1 fee per switch to be paid to the TCEQ for costs incurred in administering and enforcing the convenience switch recovery plan program.

The bill would take effect immediately if it approved by a two-thirds vote in both houses. Otherwise, it

would take effect on September 1, 2005. However, the TCEQ would have until March 1, 2006 to adopt rules and put the program into place.

Methodology

This estimate assumes that the \$1 convenience switch fee would be deposited to the credit of the General Revenue Fund. Based on estimates provided by the TCEQ, it is estimated that fees would be collected on 500,000 convenience switches per year, resulting in a \$500,000 annual revenue stream. Revenues in fiscal year 2006 are estimated at only \$250,000, since it is assumed that the program would only be operational for one-half of that fiscal year.

The TCEQ is expected to incur costs associated with administering and enforcing the convenience switch recycling plan program. One additional FTE would be needed for compliance investigations, and contractor services would be used to provide compliance assistance to vehicle and scrap metal recyclers at a cost of \$150,000 per year. This estimate assumes that although revenues to the program would not begin until March 1, 2006, the TCEQ would begin to incur costs relating to the program on September 1, 2005.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

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