

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 4, 2005**

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

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

**IN RE: SB564** by Barrientos (Relating to the establishment of a program for the disposition of electronic equipment in a manner that protects the water and other natural resources of the state; providing a criminal penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB564, As Introduced: a negative impact of (\$8,735,217) 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	(\$4,403,042)
2007	(\$4,332,175)
2008	(\$4,332,175)
2009	(\$4,332,175)
2010	(\$4,332,175)

**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	\$974,140	(\$5,377,182)	22.0
2007	\$822,757	(\$5,154,932)	22.0
2008	\$822,757	(\$5,154,932)	22.0
2009	\$822,757	(\$5,154,932)	22.0
2010	\$822,757	(\$5,154,932)	22.0

**Fiscal Analysis**

The bill would require producers of electronic equipment to prepare plans for approval by the Texas Commission on Environmental Quality (TCEQ) for financing the collection, treatment, recovery, reuse, recycling, and disposition of electronic equipment. Electronic equipment would include computer equipment, video equipment, telecommunications equipment, electronic devices, appliances, audio equipment, and toys and games. Producers of electronic equipment would be prohibited from selling equipment in this state without a plan approved by the TCEQ. The TCEQ would be authorized to assess a fee to producers of electronic equipment to cover the cost of plan review. Producers also would be required to submit an annual report to the TCEQ, which the agency would have 180 days to

review.

The bill would require each state agency to adopt policies requiring vendors of electronic equipment sold or leased to the state to reclaim the equipment when it becomes waste and establish a preference for purchasing and leasing of electronic equipment meeting environmental performance standards relating to the reduction or elimination of hazardous materials.

### **Methodology**

It is estimated that creating an electronic equipment waste disposition would require an additional 22 FTEs at the TCEQ to review plans submitted by electronic waste producers, review annual reports, conduct compliance investigations, and verify financial assurance. This estimate assumes that the TCEQ would set fees sufficient to cover the cost of plan review and annual report review to be deposited to the credit of the General Revenue Fund. As shown above, these amounts are estimated to be \$974,140 in fiscal year 2006 and \$822,757 in subsequent years. Costs for the agency performing investigations would not be covered through fee revenues, since the bill does not provide for such cost recovery. Costs associated with investigations are estimated at \$456,806 in fiscal year 2006 and \$385,939 in subsequent fiscal years.

Based on data from the Building and Procurement Commission, it is estimated that the bill would result in an increase in costs to state agencies for acquiring electronic equipment of 5 to 7 percent. Included in the cost estimate shown in the table above are costs of \$3,946,236 each fiscal year. This is calculated at 5 percent of statewide annual computer and laptop leasing and purchasing of \$78.9 million, based on 2006-07 expenditures reported by state agencies in their Legislative Appropriations Requests for the 2006-07 biennium. This estimate does not include costs for purchases by state agencies of items such as video equipment, telecommunications equipment, appliances, etc. As a result, the actual cost of implementing the bill may be substantially higher than the amounts shown above.

### **Technology**

The bill's passage is expected to result in a 5 to 7 percent increase in the cost of purchasing and leasing electronic equipment to all state agencies.

### **Local Government Impact**

Local governments would be expected to incur cost increases for the acquisition of electronic equipment of 5 to 7 percent over current levels. The cost to each unit of local government would depend on that entity's level of expenditures on such equipment.

**Source Agencies:** 303 Building and Procurement Commission, 313 Department of Information Resources, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, ZS, TL, RC, KJG