

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 12, 2005

TO: Honorable Rick Hardcastle, Chair, House Committee on Agriculture & Livestock

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

IN RE: SB1102 by Jackson, Mike (Relating to the establishment of a program by the Department of Agriculture to make grants to farmers and diverters who provide agricultural biomass to facilities that convert biomass to electrical energy.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1102, As Engrossed: a negative impact of (\$60,120,586) 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	(\$30,026,364)
2007	(\$30,094,222)
2008	(\$30,094,222)
2009	(\$30,094,222)
2010	(\$30,094,222)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>New GR-Dedicated Landfill Diversion and Agricultural Biomass Incentive Program Account</i>	Probable Savings/(Cost) from <i>New GR-Dedicated Landfill Diversion and Agricultural Biomass Incentive Program Account</i>
2006	(\$30,026,364)	\$30,026,364	(\$30,026,364)
2007	(\$30,094,222)	\$30,094,222	(\$30,094,222)
2008	(\$30,094,222)	\$30,094,222	(\$30,094,222)
2009	(\$30,094,222)	\$30,094,222	(\$30,094,222)
2010	(\$30,094,222)	\$30,094,222	(\$30,094,222)

Fiscal Analysis

The bill requires that the Texas Department of Agriculture (TDA) with the assistance of the Texas Commission on Environmental Quality (TCEQ) and the Public Utility Commission (PUC), establish an Agricultural Biomass Incentive Program to provide grants to farmers including foresters and diverters who provide agricultural biomass to facilities that convert biomass to energy.

This bill would entitle each farmer to \$30 per ton of agricultural biomass and each diverter to \$10 per ton of agricultural biomass suitable for biomass conversion. This bill would authorize TDA to grant no more than \$30 million each fiscal year.

The bill would create a new General Revenue-Dedicated Account within the General Revenue Fund, the Landfill Diversion and Agricultural Biomass Incentive Program Account, which would consist of money transferred to the account at the direction of the Legislature, gifts, grants, donations and money from any other sources to be used by TDA to implement the incentive program.

Methodology

Assuming an average load of 40 tons (the maximum load limit for non-permitted commercial transporters) and 12,500 loads (primarily urban and forest wood waste) being transported by farmers a year, the Department of Agriculture estimates that \$15 million would be granted to farmers, per fiscal year.

Assuming an average load of 40 tons (the maximum load limit for non-permitted commercial transporters) and 37,500 loads being transported by diverters per fiscal year, the Department of Agriculture estimates that \$15 million would be granted to diverters per fiscal year.

In order to implement the provisions of this bill TDA anticipates needing 0.5 FTEs in fiscal year 2006 for a total cost of \$26,364 and 2.0 FTEs in subsequent fiscal years for a total cost of \$94,222 per fiscal year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 551 Department of Agriculture, 582 Commission on Environmental Quality

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