

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

TO: Honorable Sid Miller, Chair, House Committee on Agriculture & Livestock

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

IN RE: HB596 by Davis, Yvonne (Relating to the retail sale of temperature-adjusted gasoline and diesel fuel.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB596, As Introduced: a negative impact of (\$884,830) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2008 | (\$545,959) |
| 2009 | (\$338,871) |
| 2010 | (\$338,871) |
| 2011 | (\$338,871) |
| 2012 | (\$338,871) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1 | Change in Number of State Employees from FY 2007 |
|-------------|--|---|
| 2008 | (\$545,959) | 8.0 |
| 2009 | (\$338,871) | 8.0 |
| 2010 | (\$338,871) | 8.0 |
| 2011 | (\$338,871) | 8.0 |
| 2012 | (\$338,871) | 8.0 |

Fiscal Analysis

The bill would require each fuel pump in this state to be retrofitted to measure the temperature of gasoline or diesel fuel being dispensed and make necessary corrections to ensure the product is delivered in gallons adjusted to 60 degrees Fahrenheit.

Methodology

The Department of Agriculture (TDA) is required by statute to inspect fuel pumps once every four years. According to TDA, the time required to properly inspect fuel pumps equipped with the retrofitted temperature compensation systems would be two times the normal amount of time required to inspect a fuel pump without temperature compensation systems. The increase in inspection time is a result of the additional tests that are required during each fuel pump inspection to ensure the proper operation of the temperature compensation system.

The time spent per fuel pump inspection for the fiscal years 2003 to 2006 averaged 0.195 hours. Since the time to inspect fuel pumps with temperature compensation systems is expected to increase to 0.390 hours, TDA anticipates that it will take an additional 17,235 hours annually to inspect the retrofitted fuel pumps and estimates needing 8 additional FTEs each fiscal year to inspect the temperature-compensating pumps. The total salary cost for the additional FTEs each fiscal year including benefits is \$307,896. The start up cost for the 8 additional FTEs, including \$128,000 for the purchase of 8 new vehicles and \$19,200 for 8 computers and software, is estimated to be \$164,240 in fiscal year 2008. TDA also anticipates an ongoing cost of \$28,375 for fuel to operate the 8 new vehicles.

According to TDA, it would be necessary to hold a one-time training for the new FTEs and current TDA weights and measures inspectors who will be performing the inspections. This would be a three-day training for approximately 116 employees, the majority of which are in TDA field offices; the estimated one-time cost in fiscal year 2008 to fund this training is \$32,248 including lodging for these employees.

Technology

Startup figures include \$19,200 for the purchase of eight laptop computers and software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 551 Department of Agriculture

LBB Staff: JOB, WK, ZS, JF