

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

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

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

IN RE: HB1072 by Giddings (Relating to the low income vehicle repair assistance, retrofit, and accelerated vehicle retirement program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1072, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from CLEAN AIR ACCOUNT 151
2008	(\$1,900,000)
2009	(\$1,900,000)
2010	(\$1,900,000)
2011	(\$1,900,000)
2012	(\$1,900,000)

Fiscal Analysis

The bill would require counties participating in the Low Income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP) to authorize compensation from the program, if money is available, to eligible vehicle owners for repairs, retrofits, or toward a replacement vehicle. For repairs and retrofits performed at recognized emissions repair facilities, the bill would increase the maximum limit for compensation from \$600 to \$900 and increase the minimum limit from \$30 to \$40 per vehicle. For a replacement vehicle for the accelerated retirement of an eligible vehicle, the bill would increase the maximum compensation limit from \$1,000 under current law to \$1,500 per vehicle, and it would increase the minimum compensation from \$600 to \$1,000.

Methodology

The Texas Commission on Environmental Quality (TCEQ) reports that LIRAP assistance was made on approximately 8,000 repairs in the 16 participating county governments in fiscal year 2006. The average cost of such repairs was approximately 80 percent of the maximum allowable compensation limit, or \$494 per repair. The TCEQ reports that LIRAP assistance was used to replace approximately 240 vehicles in fiscal year 2006 at an average cost of approximately \$1,000 per vehicle, or 100 percent of the maximum allowable compensation.

Assuming that demand for LIRAP assistance will remain constant, this estimate assumes that average repair costs will increase to 80 percent of the maximum allowable compensation proposed by the new bill or about \$720 per repair. This would result in an increase in LIRAP repair costs of approximately \$1.8 million per fiscal year. This estimate assumes that replacement costs would increase to 100 percent of the proposed maximum allowable compensation, or \$1,500 per vehicle. Based on 240 replacements per year, this estimate assumes that the bill would result in an increase in vehicle replacement costs of \$120,000 per fiscal year. This estimate assumes that all costs would be paid out of the General Revenue-Dedicated Clean Air Account No. 151.

This estimate assumes that other costs associated with passage of the bill related to agency rulemaking and printing costs could be absorbed using existing agency resources.

Local Government Impact

Counties participating in the LIRAP program would experience an increase of \$1.9 million per year in pass-through assistance from the state.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, ZS, TL