

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

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

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

IN RE: HB1090 by Swinford (Relating to the establishment of a program by the Department of Agriculture to make grants to encourage the construction of facilities that generate electrical energy with certain types of agricultural residues, waste, debris, or crops.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1090, As Introduced: a negative impact of (\$15,232,341) 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	(\$94,402)
2009	(\$15,137,939)
2010	(\$15,132,774)
2011	(\$15,132,774)
2012	(\$15,132,774)

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 Agricultural Biomass and Landfill Diversion Incentive Program Account</i>	Probable Savings/ (Cost) from <i>New GR-Dedicated Agricultural Biomass Landfill Diversion Incentive Program Account</i>	Change in Number of State Employees from FY 2007
2008	(\$94,402)	\$94,402	(\$94,402)	1.0
2009	(\$15,137,939)	\$15,137,939	(\$15,137,939)	2.0
2010	(\$15,132,774)	\$15,132,774	(\$15,132,774)	2.0
2011	(\$15,132,774)	\$15,132,774	(\$15,132,774)	2.0
2012	(\$15,132,774)	\$15,132,774	(\$15,132,774)	2.0

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 and Landfill Diversion Incentive Program to provide grants to farmers, loggers, and diverters who provide agricultural biomass to facilities that: are located in the state; constructed on or after June 30, 2008; generate electrical energy sold to a third party using agricultural biomass; and use the best available emissions control technology.

This bill would entitle each farmer, logger, or diverter to \$20 per ton of each bone-dry 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 Agricultural Biomass and Landfill Diversion 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) of which 75 percent is bone-dry and 25,000 loads being transported by farmers, loggers and/or diverters a year, the Department of Agriculture estimates that based on an incentive of \$20 for each ton of bone-dry biomass, \$15 million would be granted to farmers/loggers/diverters per fiscal year. No grants, however, are anticipated to be made in fiscal year 2008 given the provision that to be eligible for the incentive payments, these tons of biomass can only be provided to facilities constructed on or after June 30, 2008.

In order to implement the provisions of this bill TDA anticipates needing 1.0 FTE in fiscal year 2008 for a total cost of \$64,145 and 2.0 FTEs in subsequent fiscal years for a total cost of \$128,290 per fiscal year.

Technology

TDA anticipates that the cost to create a computer application to support the new grant program would be \$21,600.

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, JF, WK, ZS, TL