

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: HB1673 by Swinford (Relating to the inclusion of certain methane in the fuel ethanol and biodiesel incentive program of the Department of Agriculture.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would include renewable methane in the Fuel Ethanol and Biodiesel Incentive Program administered by the Department of Agriculture (TDA). The bill would provide that under the program, producers of renewable methane would be charged a fee of 3.2 cents per each MMBtu of renewable methane, the 3.2 cents would be matched by a 16.8 cents incentive payment (from unobligated General Revenue) and the producers would be entitled to receive a total of 20 cents for each MMBtu of renewable methane. The bill also specifies that there is a cap on the amount of renewable methane eligible for incentive grants; for purposes of this fiscal note it is assumed that this cap would be the MMBtu equivalent of 18 million gallons. Given that one MMBtu equals 7,480 gallons, the cap would be 2,406 MMBtus. This fiscal note also assumes that all participating plants will produce the maximum amount allowed – 2,406 MMBtus.

TDA anticipates that at most by 2012, there would be 9 renewable methane producing plants participating in the incentive program and based on the maximum production of 2,406 MMBtus and a 16.8 cents incentive for each MMBtu produced, the total cost for incentive payments would be at most \$3,638 a fiscal year. Consequently, these incentives payments would not have a significant fiscal impact on the state. It is also anticipated that any administrative costs associated with the bill could be absorbed within existing agency resources.

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