

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 2, 2007

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

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

IN RE: HB2388 by Anchia (Relating to a limitation on the emission of nitrogen oxides by certain electric generating facilities during certain months and to incentives for the construction of certain facilities.), **As Introduced**

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| No significant fiscal implication to the State is anticipated. |
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The bill would direct the Commission on Environmental Quality to establish through permits or rulemaking an emissions limit for nitrogen oxides (NOx) emissions from electric generating facilities (EGFs) located less than 125 miles from an a nonattainment area as designated under the Federal Clean Air Act. The emissions limit set forth by the bill would no more than 0.3 pounds of NOx for each megawatt-hour (MWh) of electric energy generated by any EGF which began construction on or after January 1, 2007, and operation began on or after January 1, 2008.

The bill also would provide that a taxable entity may deduct from its apportioned margin 10 percent of the amortized cost of equipment that is used in a coal-fired electric generating facility that emits less than 0.3 pounds of NOx for each megawatt-hour of electric energy generated by the facility and begins operation on or after January 1, 2008. Additionally, coal-fired EGFs that emit less than 0.3 pounds of NOx for each megawatt-hour of electric energy that begin operation on or after January 1, 2008, would be subject to specific requirements for amortization of the cost of capital.

The bill is not expected to result in a significant increase in workload for the Commission on Environmental Quality. Although the bill's creation of a tax deduction for 10 percent of the amortized cost of equipment used in a coal-fired EFT emitting less than 0.3 pounds of NOx per MWh of electric energy generated could result in some loss in tax revenues to the state, the Comptroller of Public Accounts reports that the fiscal impact of the bill cannot be determined because the number of qualifying EFGs can not be determined.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

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