

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 20, 2007

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

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

IN RE: HB3168 by Swinford (Relating to incentives for and the regulation of biofuel production and distribution in this state.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill adds a new section to Chapter 16 of the Agriculture Code that prohibits any state agency from adopting or implementing rules, except for the Reid vapor pressure requirements for gasoline used as control measures in the state implementation plans (SIP), which would restrict the production or distribution of fuel ethanol or biodiesel beyond what is required by federal law. The new section does allow the Texas Commission on Environmental Quality (TCEQ) to impose restrictions after May 1, 2009, if it has determined that the emissions from the use of fuel ethanol or biodiesel would jeopardize state implementation plans (SIP) for meeting the national ambient air quality standards.

The bill's provisions could result in a 2 percent increase in nitrogen oxide emissions and therefore rulemaking and SIP analysis will be required. The TCEQ, however, anticipates being able to absorb any costs associated with these tasks within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: JOB, JF, WK, ZS