

**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: HB3229** by Howard, Donna (Relating to permitting procedures of the Texas Commission on Environmental Quality for control of air pollution.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3229, 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from CLEAN AIR ACCOUNT 151</b>
2008	(\$400,000)
2009	(\$250,000)
2010	(\$250,000)
2011	(\$250,000)
2012	(\$250,000)

**Fiscal Analysis**

The bill would require the Texas Commission on Environmental Quality to track and post on its Internet site a list of the emissions limitations for criteria air pollutants, mercury, and sulfuric acid mists that have been represented as being the best available control technology (BACT) or lowest achievable emission rate (LAER).

The bill would require the TCEQ to conduct or obtain an ozone impacts analysis using photochemical grid modeling to determine the impact of a significant source at a distance up to 250 kilometers (155 miles) from the source. The TCEQ would be required to provide the results to the public and respond to comments received.

The bill would require the TCEQ to evaluate the impact from a facility's expected air contaminant

emissions and the cumulative effects of the facility's expected emissions considered together with those of other facilities in the state that have been issued a permit by the TCEQ but which are not yet operational. The cumulative effects analysis would be required to include, at a minimum, the ozone impacts analysis conducted or obtained as prescribed by the bill.

The bill would require that a new or modified significant source of emissions located in an attainment area for air quality would have to meet the emissions limitations and other requirements of a nonattainment area, if the source will cause or contribute to air pollution levels in excess of any national ambient air quality standards in any air quality control region in this state.

Finally, the bill would require the TCEQ to consider the effects from expected air contaminant emissions from a significant facility and the cumulative effects of the facility's expected emissions considered together with those of other facilities in the state that have been issued a permit by the Commission but which are not yet operational.

## **Methodology**

According to the TCEQ, the bill would require an additional modeling evaluation to be completed during the permit review process that is not currently required. This would result in longer permit processing times, and would also require the Air Permits Division (APD) to obtain and maintain a database for storage and accessibility of information needed for the cumulative effects review required by the bill. In addition, the APD would need to develop a database related to BACT and LAER technologies contained in recent administratively complete permits in the state or nationwide, and the APD would be responsible for adding, tracking, maintaining, and posting the data on the Internet.

Implementation of the bill could significantly change the air permit review process used by the TCEQ. The agency currently does not have complete data regarding non-criteria emissions, and, specifically, emissions that are permitted by rule. The bill would require emissions from the facility and from off-site facilities located at any distance from the facility being reviewed to be included in the modeling analysis to determine if there is the potential for cumulative effects. According to the TCEQ, this extra evaluation in the process will require longer review processing times. The emissions data would be difficult for both the agency and the applicant to obtain, as the emissions data on nearby off-site facilities may not be readily available.

To conduct cumulative analysis, the TCEQ agency would need to develop a database to store the emissions data.

This estimate assumes that it would be the responsibility of a permit applicant to provide emissions data to the TCEQ; as a result, no new FTEs are expected to be required to implement the provisions of the bill. For the development and maintenance of a database to store emissions data for use in the photochemical models, and a separate database to track BACT and LAER control technology, the TCEQ would require \$400,000 in fiscal year 2008 to set up the database, with annual costs of \$210,000 to collect and input the data and maintain the database. This estimate assumes these costs would be paid out of the General Revenue-Dedicated Clean Air Account No. 151.

## **Technology**

Database development and maintenance costs of \$400,000 in fiscal year 2008 and \$210,000 in subsequent years are included in this estimate.

## **Local Government Impact**

The bill would require local governments that require new source review permit amendments or renewals to submit emissions information to the TCEQ for all facilities within three miles. This may require the applicant to obtain information on facilities owned by other entities, which may not be readily available. The bill may also impose a fiscal burden on governmental entities that submit an application for a permit by rule or standard permit because they would be required to submit additional emissions data to populate the TCEQ database that would serve as a resource for a cumulative effects review. Furthermore, many entities currently authorized by permits by rule that do

not require any registration would be required to submit emissions data upon passage of the bill. The fiscal impact to a particular local government would depend on the number of permits held or being sought or renewed and whether the local entity already has the technical resources available to perform requirements imposed by the bill.

**Source Agencies:** 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, ZS, TL