

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 1, 2007**

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

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

**IN RE: HB3656** by Dunnam (Relating to a conditional reduction of nitrogen oxides emissions from certain coal-fired electric generating facilities.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require the Texas Commission on Environmental Quality (TCEQ) to determine if any coal-fired electric generating facility, that uses pulverized coal, that became operational on or after January 1, 2007, and emits nitrogen oxides at a rate greater than 0.02 pounds per million British Thermal Units caused or contributed to a new nonattainment area designation because of failure to meet the federal ambient air quality standards for ozone. If the TCEQ would determine that the electric generating facility failed to reduce the facility's nitrogen oxide emissions to the extent technically feasible, regardless of cost, the agency would require emission reductions to apply to the electric generating facility prior to requiring any reductions from automobiles, area sources, or other stationary sources to reduce air contaminants that contribute to the area's nonattainment status.

Passage of the bill would result in additional photochemical modeling by the TCEQ to determine potential impacts of sources on ambient air quality standards if the modeling must include proposed new electric generating units that are not yet permitted. According to the TCEQ, the bill also would require a change in agency SIP development procedures. Additional modeling analyses and the documentation from those analyses would have to be conducted by either staff or through professional service contract. Any costs associated with these additional duties are not expected to be significant and could be absorbed using existing agency resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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