

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB700 by Lucio (Relating to state agency rules affecting small businesses.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to require state agencies to analyze the economic impact of a proposed rule on small businesses and require agencies to conduct a regulatory flexibility analysis that includes the agency's consideration of alternative methods of achieving the purpose of the proposed rule, including several proposed methods of reducing the adverse impact of a proposed rule on a small business. The bill would also direct agencies to include the economic impact statement and regulatory flexibility analysis as a part of the notice of the proposed rule for publication and for notice to standing committees that are charged with reviewing the proposed rule. It is assumed that any additional costs associated with implementation of the provisions of the bill could be absorbed within existing state resources.

The bill would also change a portion of the definition for a small business, from the current 100 employees or under \$1 million in annual gross receipts, to 500 employees or under \$6 million in annual gross receipts. The existing registration fees for air permits by rule (PBR) currently refer to the definition of small business contained in the Government Code in determining the fee amount to be assessed. Small businesses currently pay \$100 for a PBR and those that do not meet the statutory definition of a small business pay \$450. The Texas Commission on Environmental Quality (TCEQ) typically processes about 2,000 PBRs at the \$450 level each year. It is not known how many current businesses that pay the \$450 PBR would be reclassified as small businesses; however, the TCEQ indicates that if all 2000 businesses would be eligible for the lower fee than a revenue loss of \$700,000 per year would result to the General Revenue-Dedicated Clean Air Account No. 151.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 307 Secretary of State, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 582 Commission on Environmental Quality, 701 Central Education Agency

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