

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 19, 2007

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

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

IN RE: SB1177 by Brimer (Relating to a pilot test of an advanced control technology for the reduction of nitrogen oxides emissions.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1177, Committee Report 2nd House, Substituted: 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:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>CLEAN AIR ACCOUNT</i> 151
2008	(\$750,000)
2009	(\$250,000)
2010	\$0
2011	\$0
2012	\$0

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality (TCEQ) to select a cement kiln stack in a nonattainment area or near nonattainment area for air quality for pilot testing of selective technologies as advanced control technologies for reducing nitrogen oxides from the kiln. The TCEQ would also be required to conduct a feasibility study, design, supervise, and monitor testing in consultation with an SCR vendor, the kiln owner, the local council of governments, and a representative of a citizen environmental agency within the region in which the kiln is located.

The bill would allow the TCEQ to accept a gift or grant conditioned on its use for testing the kiln in the pilot project established in the bill.

The TCEQ would be required to complete SCR testing by December 31, 2008 and report the results to

the Legislature by January 1, 2009.

Methodology

The TCEQ reports that the cost of conducting the pilot test required by the bill would be \$1 million, with \$750,000 of the cost occurring in fiscal year 2008 and \$250,000 of the cost occurring in fiscal year 2009. The TCEQ developed this cost estimate in consultation with the Energy and Environmental Research Center (EERC) in North Dakota, a nationally recognized selective selective catalytic reduction testing vendor. This estimate also assumes that contract costs would be paid out of the General Revenue-Dedicated Clean Air Account No. 151 and that staff and operating costs related to the pilot program would be absorbed within the agency's existing budget. It should also be noted that any gifts or grants made for the project could offset costs presented here. It should also be noted that costs could be higher than those presented in this estimate, depending on the complexity and design of the pilot test, which has not been determined yet.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, ZS, TL