

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

**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 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1177, Committee Report 1st 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 CLEAN AIR ACCOUNT 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 Catalytic Reduction (SCR) technology or Low Temperature Oxidation technology. 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**

This estimate assumes that the TCEQ would contract with the Energy and Environmental Research Center (EERC) in North Dakota because an SCR catalyst testing unit is available there. The cost of a contract with EERC, including the feasibility study is assumed to be \$750,000. 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.

This estimate assumes that pilot testing of a Low Temperature Oxidation technology would result in similar costs to the agency, and that the cost to the TCEQ of designing its own test unit would be substantially higher than contracting with the EERC. It should also be noted that any gifts or grants made for the project could offset costs presented here.

### **Local Government Impact**

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

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

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