

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

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

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

IN RE: SB1687 by Watson (Relating to emission reduction strategies for greenhouse gases.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1687, 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:

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	Change in Number of State Employees from FY 2007
2008	(\$386,816)	5.0
2009	(\$336,316)	5.0
2010	(\$336,316)	5.0
2011	(\$336,316)	5.0
2012	(\$336,316)	5.0

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality (TCEQ) to identify emission reduction strategies for greenhouse gases (including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride) and submit a control strategies report to the Legislature no later than December 31, 2008. The TCEQ would be required to consider the total net costs over the course of the strategy as opposed to the short-term capital costs and reduction strategies implemented by other states and nations. The TCEQ would be authorized to appoint advisory committees to assist in identifying and evaluating greenhouse gas emission reduction strategies. By June 1, 2010, the TCEQ would be required to adopt the rules implementing each of the control strategies in the report to the Legislature.

Methodology

The bill would require the TCEQ to regulate greenhouse gases and their sources of emissions. According to the TCEQ, these gases are not currently regulated by the US Environmental Protection Agency or the TCEQ. The agency would need to develop procedures for permitting, compliance, regulatory development and policy making regarding greenhouse gases. This estimate assumes that the TCEQ would need 5 Full-Time-Equivalents (FTEs) and related costs starting in fiscal year 2008 to develop emissions inventories for greenhouse gases, analyze technical data, develop mobile source programs, and write relevant rules and guidance to implement the bills provisions. This estimate assumes that costs associated with regulating greenhouse gases would be paid out of the General Revenue-Dedicated Clean Air Account No. 151.

This estimate assumes that advisory committee expertise would be available from state, federal, or industrial experts and that any committee costs incurred by these individuals would be paid by the organizations that employ them. The TCEQ's cost for miscellaneous committee expenses would be minimal and paid from existing agency appropriations.

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