LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 2007

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

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

IN RE: **SB2000** by Eltife (Relating to a program to reduce the emissions of nitrogen oxides from certain stationary compressor engines.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2000, As Engrossed: 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--Emissions Reductions Incentives Subaccount* 151	Probable Savings/(Cost) from *CLEAN AIR ACCOUNT* 151	Change in Number of State Employees from FY 2007
2008	($2,500,000)	($177,586)	3.0
2009	$0	($158,086)	3.0
2010	$0	($158,086)	3.0
2011	$0	$0	0.0
2012	$0	$0	0.0

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality (TCEQ) to develop a grant program to help owners and operators of stationary gas-fired, rich burn compressor engines pay for nonselective catalytic reduction (NSCR) systems or other approved control systems that will reduce nitrogen oxides (NOx) emissions from these types of engines. The bill will allow unused funds from the emissions reduction incentives (ERI) subaccount within the General Revenue-Dedicated Clean Air Account No. 151 to fund these grants.

The bill would require the TCEQ to verify grant eligibility. It would authorize the TCEQ to adopt emergency rules with abbreviated notice, and it would require the agency to verify NOx reductions before distributing grant funds. The grant program would provide for partial reimbursement of the capital costs of installing NSCR or other NOx control systems. The bill specifies reimbursement percentages to be paid to grantees depending on when the provisions of the bill take effect and emission reductions are verified. Grants would be contingent upon fund availability and awarded by the TCEQ in the order the applications are received. The program would expire on August 31, 2008.

Methodology

According to the TCEQ, there is approximately $6.0 million remaining in balances in the ERI subaccount of the Clean Air Account No. 151. This estimate assumes that $2.5 million of these unexpended balances would be used as grant funds in fiscal year 2008. All grant funds would be dispersed in that fiscal year because the program would expire on August 31, 2008.

This estimate assumes that the TCEQ would require at least 3 FTEs and related costs to implement the grant program established by the bill in fiscal year 2008. This estimate assumes that this level of FTEs would continue through fiscal year 2010. In fiscal years 2009 and 2010 it is assumed that resources would be needed to perform ongoing grant contract monitoring and support, auditing, and financial management because it is assumed that most grants would remain active into fiscal year 2010. This estimate assumes that administrative costs would total $177,586 in fiscal year 2008 and $158,086 in fiscal years 2009 and 2010. This estimate assumes that these costs would be paid out of the Clean Air Account No. 151 because the bill and current law only provide specifically for the ERI subaccount of the Clean Air Account to be used for incentive payments, not for administrative costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

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