

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Byron Cook, Chair, House Committee on Environmental Regulation

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

IN RE: HB290 by Dutton (Relating to the consideration of the cumulative effects of air contaminant emissions in the emissions permitting process.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB290, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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 |
|-------------|--|
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>Clean Air Account</i> 151 | Probable Savings/(Cost) from <i>Operating Permit Fees Account</i> 5094 |
|-------------|---|--|
| 2010 | (\$1,821,600) | (\$2,732,400) |
| 2011 | (\$40,800) | (\$61,200) |
| 2012 | (\$40,400) | (\$60,600) |
| 2013 | (\$39,200) | (\$52,800) |
| 2014 | (\$38,800) | (\$58,200) |

Fiscal Analysis

The bill would require that cumulative effects of a facility's air contaminant emissions and emissions from other facilities located within three miles of the applicant facility be considered by the Texas Commission on Environmental Quality (TCEQ) when the agency evaluates new permits, permit amendments, and permit renewal applications. This would represent a change from the current air permit review process. Currently, non-criteria pollutant emissions from nearby off-property sites are not considered when the agency reviews applications requesting a new permit, an amendment to a permit, or a renewal of a permit.

Methodology

The bill would require the agency to conduct additional air modeling evaluation during the air permit

review process. In addition, the agency would be required to develop, populate, and analyze a database to store information needed to conduct a cumulative effects review of air emissions. Although the bill would only apply to applications received on or after the effective date of the act, this estimate assumes that all permitted facilities would need to be included in the construction of the database, since information on all other facilities within three miles would be needed to conduct permit review.

This estimate assumes that it would be the responsibility of permit applicants to provide needed emissions data, i.e., an owner of a facility would obtain emissions data from other facility owners within three miles. If the agency is required to gather cumulative emissions data instead, the increase to the agency workload could require additional full-time equivalents not included in this estimate.

The TCEQ reports that it would expect to review emissions data for an existing 1,700 large and complex permits and 13,300 less complex permits in fiscal year 2010 to create the database necessary to conduct the emissions analysis required by the bill. This estimate assumes that all database creation and maintenance would be done through contractors, including the state Data Center Services. For the cost of contract labor to collect historical data and populate the database, this estimate assumes a rate of \$60 per hour. Based on information provided by the TCEQ, it is estimated that a complex permit would take eight hours to review and a less complex permit would take four hours to review, resulting in an estimated cost of \$4,008,000. Also included is \$546,000 in costs to create the initial database platform. Maintenance costs include \$30,000 each year beginning in fiscal year 2011. Increased costs for the contract with the DCS are estimated as follows: \$104,000 in fiscal year 2010; \$72,000 in 2011; \$71,000 in 2012; \$68,000 in 2013; and \$67,000 in 2014.

This estimate assumes that costs to implement the bill would be split among two General Revenue-Dedicated accounts: 40 percent of costs would be paid by the Clean Air Account No. 151, with the remaining 60 percent being paid by the Operating Permit Fee Account No. 5094.

Technology

All costs included in this estimate are technology-related.

Local Government Impact

The bill could have significant fiscal and technical impacts for local governments requiring a new source review permit, a permit amendment, or a permit renewal after the effective date of the bill. Local government facilities that could be affected by the bill would include electric generating facilities, landfills, and boilers. Local governments would be required to collect emissions data from other regulated entities or be required to supply emissions data to another regulated entity. The cost implications would depend on each local government and the method it chooses to comply with the bill's provisions.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, SD, ZS, TL