

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: **HB1361** by Anchia (Relating to the imposition of a fee for certain plastic bags provided to customers by retailers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1361, As Introduced: a negative impact of (\$1,641,000) 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	(\$955,000)
2011	(\$686,000)
2012	(\$686,000)
2013	(\$686,000)
2014	(\$686,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from New General Revenue Dedicated -- Local Recycling Program Assistance	Change in Number of State Employees from FY 2009
2010	(\$955,000)	\$19,164,000	8.0
2011	(\$686,000)	\$12,776,000	8.0
2012	(\$686,000)	\$7,666,000	8.0
2013	(\$686,000)	\$5,749,000	8.0
2014	(\$686,000)	\$4,312,000	8.0

Fiscal Analysis

The bill would add Chapter 376 to the Health and Safety Code, regarding the imposition of a fee for certain plastic bags provided to customers by retailers.

The bill would define compostable plastic bag, disposable plastic bag, and reusable plastic bag, and impose a fee of 7 cents on each disposable plastic bag provided by a retailer to a customer to carry out purchased items. A retailer could retain 3 percent of the fee revenue collected as reimbursement for collection costs. The Comptroller would adopt rules for the administration, payment, collection, and enforcement of this fee.

The bill would create a new GR Account, entitled Local Recycling Program Assistance, into which revenue from the new fee would be deposited. The fund dedication included in this bill would be subject to funds consolidation review by the current Legislature. Appropriations from this account would be made to counties and municipalities to support local recycling programs.

The section of the bill relating to the Comptroller's Office to adopt rules for the administration, payment, collection, and enforcement of this fee would take effect September 1, 2009. The remainder of the bill would take effect January 1, 2010.

Methodology

National data on plastic bag consumption was gathered from both public and private sources. The data were adjusted for Texas using population as a factor and multiplied by the fee amount. It is assumed that the use of disposable plastic bags will decrease each year as customers shift to other methods of transporting their groceries in response to the fee. The reduction rate in the consumption of disposable plastic bags is based on actual data from similar fees imposed in other states and countries.

The Comptroller's office has indicated the bill would require an increased administrative cost of \$686,000 per fiscal year. The administrative cost estimate reflects the funds that would be necessary to hire 8 additional FTEs to handle the increased workload and hiring professional staffing services due to the new processed fees.

Technology

There would be a one-time technology cost of \$269,000 in fiscal 2010 for programming/project management.

Local Government Impact

Appropriations from the new GR Account, Local Recycling Program Assistance would be made to counties and municipalities for the support of local recycling programs.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK