LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 1, 2009

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: **HB1391** by Strama (Relating to the creation and authority of certain special districts to promote the use of renewable energy systems and energy efficiency improvements; authorizing the issuance of bonds.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would create Chapter 391 under Subtitle C, Title 5, Health and Safety Code, to authorize a local government, by ordinance or order, to establish an emissions management district as a special district and a political subdivision of the state. The bill would establish the requirements for establishment, operation, and funding of the district, as well as dissolution procedures. The local government would be required to compensate a director of the district's board not more than $50 per day for each day the director performs the duties of a director. The board would consist of five directors.

An emissions management district would be eligible to receive grants or other funding under the Texas Emissions Reduction Plan (TERP), through grants and gifts or bonds, and through contractual assessments on property on which emissions management projects are installed. The district would be authorized to fund, finance, and secure financing for property owners to purchase or lease and install emissions management projects, which may be of two types: renewable energy systems or energy efficiency improvements.

The bill would authorize the Texas Commission on Environmental Quality (TCEQ) and the Comptroller of Public Accounts to allocated grants from the TERP Fund to an emissions management district only if (1) money is available for that purpose after money is allocated for other purposes of the fund as required by the state implementation plan, or (2) the amount of money deposited to the credit of the fund exceeds the comptroller's biennial estimate.

The district would be required to submit bonds and the appropriate proceedings authorizing theirissuance to the Office of the Attorney General (OAG) for examination.

The bill would amend the Local Government Code to authorize a Public Improvement District created under Chapter 372 or a Municipal Management District created under Chapter 375 to implement a public improvement project involving renewable energy and energy efficiency.

The bill would take effect September 1, 2009.

Although the bill does not direct the new grant allocations be implemented through rule, TCEQ assumes a new rule may be needed or desired to establish and implement the TERP emissions management district grants program. The agency would need to develop policies, guidelines, and procedures for issuing and administering any grants provided to the districts. Unless a significant amount of money from the TERP Fund is allocated to the districts created under provisions of the bill, TCEQ assumes that costs associated with those activities could be absorbed within existing resources.

The OAG anticipates any legal work resulting from the passage of this bill could be reasonably absorbed with current agency resources.

Local Government Impact

It is assumed that a local government entity would establish an emissions management district only if sufficient resources were available or anticipated to be available through the various funding methods authorized.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JOB, WK, DB