

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Yvonne Gonzalez Toureilles, Chair, House Committee on Agriculture & Livestock

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

IN RE: HB2366 by Swinford (Relating to the creation of the Texas bioenergy fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2366, As Introduced: a negative impact of (\$30,154,490) 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	(\$15,077,995)
2011	(\$15,076,495)
2012	(\$15,076,495)
2013	(\$15,076,495)
2014	(\$15,076,495)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated-Texas Bioenergy Fund</i>	Probable (Cost) from <i>New General Revenue Dedicated-Texas Bioenergy Fund</i>	Change in Number of State Employees from FY 2009
2010	(\$15,077,995)	\$15,077,995	(\$15,077,995)	1.0
2011	(\$15,076,495)	\$15,076,495	(\$15,076,495)	1.0
2012	(\$15,076,495)	\$15,076,495	(\$15,076,495)	1.0
2013	(\$15,076,495)	\$15,076,495	(\$15,076,495)	1.0
2014	(\$15,076,495)	\$15,076,495	(\$15,076,495)	1.0

Fiscal Analysis

The bill would amend the Agriculture Code to create the Texas Bioenergy Fund. This fund would be a dedicated account in the General Revenue Fund, and would be used to make grants or loans to public or private entities for projects relating to the development, research, or generation of bioenergy. The legislation defines bioenergy as a renewable energy derived from biological sources

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect September 1, 2009.

Methodology

For purposes of this analysis, it is assumed that the demand for grants/loans for bioenergy projects would be similar to the demand for an agricultural biomass and/or fuel ethanol and biodiesel incentive program. Actual spending or spending estimates for these incentive programs ranged from \$14.0 to \$15.0 million per fiscal year (\$13.9 million from General Revenue matching funds and producer fees in fiscal year 2007 for a fuel ethanol and biodiesel incentive program, and an estimated demand of \$15.0 million per year for an agricultural biomass incentive program.) This analysis assumes a demand for grants/loans equal to \$15.0 million per year. The Texas Department of Agriculture estimates that it would need at least one additional FTE to assist in the administration of the program. The annual salary for this position would be \$52,419, with estimated annual benefits costs of \$14,976. Related operating, travel and equipment costs are estimated to be \$10,600 in fiscal year 2010 and \$9,100 in subsequent years.

Technology

The cost for computer equipment, software, and data center services would be \$5,600 in fiscal year 2010 and \$2,100 in subsequent years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: JOB, WK, ZS, AH, SD, TP