

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB2588 by Burnam (Relating to the control of air pollution by the Texas Commission on Environmental Quality.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2588, 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 | (\$741,517) | (\$741,517) |
| 2011 | (\$233,610) | (\$233,610) |
| 2012 | (\$229,860) | (\$229,860) |
| 2013 | (\$229,860) | (\$229,860) |
| 2014 | (\$229,860) | (\$229,860) |

| Fiscal Year | Change in Number of State Employees from FY 2009 |
|-------------|---|
| 2010 | 5.0 |
| 2011 | 6.0 |
| 2012 | 6.0 |
| 2013 | 6.0 |
| 2014 | 6.0 |

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality (TCEQ) to evaluate the

cumulative effects of multiple air contaminants on human health. It would also require, rather than allow as under current law, the agency to protect against adverse effects related to acid deposition, stratospheric changes, including depletion of ozone, and climatic changes, including global warming.

Methodology

The TCEQ reports that changes in the bill relating to acid deposition and stratospheric changes would have very little impact because federal law would preempt state law.

In order to evaluate the cumulative effects review required by the bill, the TCEQ's Air Permits Division would be required to perform ongoing data entry to populate a permit allowables database with emissions data from new permit actions and review cumulative modeling. The TCEQ anticipates the need for 5.0 additional FTEs in 2010 and 6.0 additional FTEs in 2011 plus related costs for this activity. This analysis assumes that it is the applicant's responsibility to provide the emissions data.

The bill would require a modeling evaluation to be completed during the permit review process that is not currently required. This would result in longer permit processing times, and would also require the TCEQ's Air Permits Division to obtain and maintain a permit allowables database for storage and accessibility of information needed for the cumulative effects review. This analysis assumes the TCEQ would collect and enter allowable information for approximately one-half of the 3,500 authorizations covering the state's major sources in the first biennium. Any remaining authorizations would then be captured over the next 10-year period. The TCEQ would initially collect allowable data during the annual emissions inventory (EI) request from the major sources, approximately 1,800 sources. The cost of database development for this activity is estimated at \$450,000, while the contract to enter the data for the 1,800 major sources is \$597,600. In addition, there would be \$30,000 in annual maintenance costs and \$382,000 in data center costs over the first 5 years. This estimate assumes that costs would be divided evenly between two General Revenue-Dedicated Accounts--the Clean Air Account No. 151 and the Operating Permit Fee Account No. 5094.

This estimate does not assume that the federal government would require the state to implement a cap and trade program in conjunction with implementing the provisions of the bill.

Local Government Impact

The TCEQ reports that passage of the bill could result in costs on governmental entities submitting an application for a permit by rule or standard permit if they are required to submit additional emissions data to populate a database that would serve as a resource for a cumulative effects review.

The TCEQ reports that under current law, minor sources are not required to report air emissions unless they have a qualifying emission event or maintenance, startup, or shutdown activity. A local government facility that is a minor source and is required to begin reporting their air emissions through an emissions inventory as a result of the bill's passage may need to seek outside expertise or contractors to comply with the new regulation. The cost would depend on the level of expertise among existing staff and the complexity of the facility for which the entity would seek a permit.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, ZS, TL, SD