

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 24, 2009

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

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

IN RE: HB2872 by Chisum (Relating to the establishment by the State Soil and Water Conservation Board of a carbon dioxide sequestration or emissions offset program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2872, 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>General Revenue Fund</i> 1	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$74,285)	\$74,285	1.0
2011	(\$74,285)	\$74,285	1.0
2012	(\$74,285)	\$74,285	1.0
2013	(\$74,285)	\$74,285	1.0
2014	(\$74,285)	\$74,285	1.0

Fiscal Analysis

The bill would amend the Agriculture Code to create the Carbon Dioxide Sequestration or Emissions Offset Program. The bill would name the Soil and Water Conservation Board (TSSWCB) as the lead agency for projects related to this program on private agricultural lands. The bill would require TSSWCB to: certify aggregators under this program; maintain a database of all certified aggregators and of all carbon dioxide credits bought and sold in Texas; verify whether a project that is the subject of a carbon dioxide credit has achieved the goals of the credit; and collect a fee for all verification services.

The bill would create the Carbon Dioxide Sequestration or Emissions Offset Fund to pay for activities of TSSWCB relating to the program.

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.

Methodology

TSSWCB indicates that 1.0 additional FTE would be required to administer the Carbon Dioxide Sequestration or Emissions Offset Program. The cost for this additional FTE would be \$74,285 annually, which includes \$50,000 for salary, \$10,000 for travel and other operating expenses, and \$14,285 for benefits.

Although fee revenue would be generated as a result of this program, the Comptroller of Public Accounts indicates that this revenue cannot be determined. This analysis assumes that the fee revenue would offset TSSWCB administration costs.

Local Government Impact

The bill would require the state board to contract with a conservation district that has expertise and experience in specifications and methods for developing and assessing carbon dioxide sinks associated with agriculture to carry out the verification process. The costs to a local entity would vary depending on where a project to sequester carbon dioxide, or offset emissions of carbon dioxide was located, and the amount of the fee charged for verification services by the state board.

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation, 592 Soil and Water Conservation Board

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