

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: HB2925 by Herrero (Relating to protections provided by the Department of Agriculture for certain consumers; providing penalties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2925, As Engrossed: 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>Appropriated Receipts</i> 666	Probable Revenue Gain/ (Loss) from <i>Appropriated Receipts</i> 666	Change in Number of State Employees from FY 2009
2010	(\$1,041,937)	\$1,041,937	7.0
2011	(\$873,993)	\$873,993	7.0
2012	(\$873,993)	\$873,993	7.0
2013	(\$873,993)	\$873,993	7.0
2014	(\$873,993)	\$873,993	7.0

Fiscal Analysis

The bill would establish various registration requirements for weights and measures devices. The bill would also establish minimum motor fuel quality standards and provide the Department of Agriculture (TDA) the authority to conduct testing of motor fuel quality.

The section of the bill relating to motor fuel quality and testing would take effect January 1, 2010, and all other sections of the bill would take effect September 1, 2009.

Methodology

Based on information provided by TDA, there are 3,500 locations that would be inspected for octane, the presence of water in tanks, contaminants and other fuel quality issues. At approximately 520 locations, or 15 percent of the total, samples would be collected for lab analysis for fuel quality compliance. Of these 520 samples, 395 would be tested for octane and water content at a cost of \$300 per sample (\$118,500 total) and 125 would be tested for American Society for Testing and Materials compliance at a cost of \$3,000 per sample (\$375,000 total).

With an average inspection taking 3 hours, it is estimated that TDA will need to hire an additional 5.0 FTEs (10,500 inspection hours/2,080 annual hours). Also, it is estimated that an additional 2.0 FTEs would be necessary to train personnel, assist with program administration, and analyze trends. These 7.0 FTEs would require \$267,009 for salaries, \$76,284 for benefits, \$153,500 in one-time costs for equipment and capital expenditures and \$52,800 in ongoing equipment costs.

TDA would need to hold a three-day one-time training for the 7.0 new FTEs and other inspectors that might need to conduct these inspections. It is estimated that this training would cost a total of \$14,444 in fiscal year 2010.

Section 13.1151 of the Agriculture Code provides that TDA may charge the owner or operator of a device a fee to recover the costs of registration and inspection of a pump. The Comptroller of Public Accounts has indicated that such a fee related to a program testing fuel quality would be considered Appropriated Receipts.

Technology

Based on information provided by TDA, it is estimated that there would be one-time technology costs in fiscal year 2010 of \$27,700 for hardware and software costs and data center costs for the 7.0 new FTEs and ongoing costs of \$7,700 related to data center costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 551 Department of Agriculture, 302 Office of the Attorney General

LBB Staff: JOB, SZ, ZS, AH, SD