

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 29, 2009

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

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

IN RE: HB3590 by Burnam (Relating to the creation by the Texas Commission on Environmental Quality of an inventory of emissions of air contaminants from oil or gas production, transportation, or processing facilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3590, 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	Change in Number of State Employees from FY 2009
2010	(\$1,082,211)	6.0
2011	(\$566,211)	6.0
2012	(\$566,211)	6.0
2013	(\$566,211)	6.0
2014	(\$566,211)	6.0

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality to develop and maintain of an emissions inventory of all emissions from oil and gas industry sources. The inventory would include major, minor, area, and fugitive air emissions. As proposed, the owner or operator of a gas production, transportation, or processing facility would submit emissions inventory or any other information necessary to the agency to develop an inventory of these sources.

The TCEQ would be authorized to prescribe reasonable requirements for measuring, monitoring or estimating emissions for the inventory. The owner or operator of an oil or gas facility would be required to maintain maintenance and emission estimation records and make them available for an employee or agent of the commission to examine during regular business hours. If adopted, the bill

would be effective September 1, 2009.

Methodology

The TCEQ estimates that approximately 200,000 additional emissions inventory reports would be received annually from owners or operators of gas production, transportation, or processing facilities. The agency reports that many of these sources of inventory data would require a new Central Registry reference number, a practice historically not completed within the agency's Emissions Assessment Section of the Air Quality Division. The agency also would review all data submitted to ensure it satisfies reporting and estimating requirements. In addition, enhancement of an existing database or development of a new one will be required to store and maintain these data.

A total of 6.0 additional FTEs (annual salary and benefits costs of \$363,547) would be needed at the TCEQ to develop guidance, provide reporting materials, assist reporting entities, and implement a limited review of an additional 200,000 air emissions inventories; and to populate and maintain database business requirements for these additional identifiers. A one-time capital cost for contract services of \$375,000 would be required in fiscal year 2010 for the development of the comprehensive emissions database. Ongoing software maintenance is estimated at \$46,000 per year in subsequent years. In addition, additional Data Center Services costs ranging from \$114,000 to \$132,000 per fiscal year would be incurred. These costs, which this estimate assumes would be paid out of the Clean Air Account No. 151, are included in the table above.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, SD, ZS, TL