

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

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

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

**IN RE: HB4448** by Chisum (Relating to fuel quality testing.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4448, As Introduced: a negative impact of (\$89,000,818) 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	(\$44,628,881)
2011	(\$44,371,937)
2012	(\$44,371,937)
2013	(\$44,371,937)
2014	(\$44,371,937)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/ (Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$62,732,881)	\$18,104,000	9.0
2011	(\$62,475,937)	\$18,104,000	9.0
2012	(\$62,475,937)	\$18,104,000	9.0
2013	(\$62,475,937)	\$18,104,000	9.0
2014	(\$62,475,937)	\$18,104,000	9.0

Fiscal Analysis

The bill would amend the Agriculture Code to provide the Department of Agriculture (TDA) the authority to regulate fuel quality. The bill would require TDA to test for fuel mixtures and octane rating. The bill provides TDA the authority to: conduct inspections and analyses; access all places where engine fuels, petroleum products, and automotive lubricants are kept, transferred, offered, exposed for sale, or sold for the purpose of examination, inspection, taking of samples, and investigation; collect samples of engine fuels, petroleum products, and automotive lubricants and test these samples for compliance; define engine fuels for special use and issue a stop-sale order if found not to be in compliance; issue a stop-sale order for any other engine fuel, petroleum product, and automotive lubricant found not to be in compliance; and establish standards for biofuel quality.

The bill would provide TDA the authority to collect a \$100 fee per appropriate unit of measure on all products related to the bill.

The bill would require all engine fuels designed for special use to be registered with TDA.

The bill would give TDA the authority to assess an administrative penalty for a violation of the provisions of this bill.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house; otherwise it would take effect September 1, 2009.

## **Methodology**

Based on information provided by TDA, it is anticipated that each location would be inspected once every four years in accordance with the current inspection schedule of the Weights and Measures Division of TDA; additionally, each location would have four samples taken including a sample each of diesel, unleaded, mid-grade, and premium gasoline. TDA reports that there are 5,166 locations which would be inspected annually; therefore, 20,664 samples would be collected annually. Each sample would cost \$3,000 to test, resulting in a total testing cost of \$61,992,000.

It is estimated that each of the 5,166 inspections each year would take an average of three hours to conduct. As a result, it is estimated that TDA will need to hire an additional 9.0 FTEs, including 7.0 inspectors and 2.0 FTEs to assist with program administration. These 9.0 FTEs would require \$337,199 for salaries, \$96,338 for benefits, \$307,344 in fiscal year 2010 for equipment and other operating costs (including vehicles, computer software and hardware, office setup, training, and telecommunications costs), and \$50,400 in ongoing technology and vehicle maintenance costs in subsequent years.

Based on information provided by TDA, there are 156,584 fuel devices that are currently registered with TDA. Additionally, there are 6,114 terminal stations and distributors, which would each have at least four units of measure each (including diesel, unleaded, mid-grade, and premium gasoline). As a result, TDA would collect \$18,104,000 in fees to implement the provisions of the bill based on a \$100 fee collected for 181,040 total units of measure (156,584 fuel devices + [6,114 terminal stations X 4 units of measure]).

## **Technology**

The cost for computer equipment, software, and data center services would be \$95,400 in fiscal year 2010 and \$9,900 in subsequent years.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 551 Department of Agriculture

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