

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

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

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

IN RE: HB4581 by Hochberg (Relating to use of advanced technologies by the Texas Commission on Environmental Quality.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4581, 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
2010	(\$580,000)
2011	(\$580,000)
2012	(\$580,000)
2013	(\$580,000)
2014	(\$580,000)

Fiscal Analysis

The bill would require the Texas Commission on Environmental Quality (TCEQ) to use data gathered during commission activities to validate emissions inventory and emissions factors. The TCEQ would also be required to annually assess the information obtained and make recommendations for inventory improvements in an annual report. The bill would also authorize the agency to measure and monitor emissions or activities that cause air contaminants.

The bill would require the TCEQ to pursue the permanent reduction of any surplus and quantifiable emissions found during the use of any authorized advanced technologies and to use these reductions for credits in the State Implementation Plan (SIP). The bill would also require the TCEQ to use optical gas imaging or other technologies to measure emission concentrations and volume of volatile organic and nitrogen oxide compounds. The bill would be effective September 1, 2009.

Methodology

Although the TCEQ already has authority to gather and assess emissions information, the bill's requirement that the agency pursue permanent reduction of any surplus and quantifiable emissions through the use of any advanced technology to gain SIP credit, and the bill's requirement that the agency use optical gas imaging in two-dimensional vertical fields, would be added responsibilities. In addition, the agency reports that because states are required to create and implement programs in accordance with the Federal Clean Air Act, any rules or other enforceable mechanisms implemented to obtain permanent reduction of any surplus and quantifiable emissions through the use of any advanced technology to gain SIP credit will need to be submitted to the US Environmental Protection Agency (EPA) for approval as a SIP revision. This additional workload is expected to be handled using existing resources.

Because the bill would require the TCEQ to use certain technology (optical gas imaging), the TCEQ reports that it would need to obtain a Differential Absorption Light Detection and Ranging (DIAL) system. If the TCEQ purchased a DIAL system, it is anticipated the upfront costs could be significant, possibly in the range of \$2 to \$2.5 million for capital and training and approximately \$200,000 annually for operational costs. It is anticipated that it would take approximately 12 to 18 months to manufacture a DIAL system, depending on laser availability. It should be noted that since the vendor of this product is located in Europe (London, England) it is possible additional cost could be incurred due to economic factors such as fluctuations in currency markets. Leasing costs are dependent upon the length of a project. Current daily costs are estimated to be approximately \$25,000.

This fiscal note assumes that the agency would lease the equipment at \$25,000/day. Based upon prior agency experience with leasing this equipment, it is further assumed that depending upon the project involved, the agency would lease the equipment for 20 working days each year. It is estimated that shipping costs for the equipment are approximately \$80,000. The costs to lease the equipment each year are therefore estimated to be approximately \$580,000 each year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, SD, ZS, TL