

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 6, 2011

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: HB2083 by Lozano (Relating to notice of and issuance of a permit for the construction or expansion of a wind-powered electric generation facility located near a federally owned or operated radar installation or military installation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2083, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$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 2011
2012	(\$280,775)	\$280,775	3.0
2013	(\$248,775)	\$248,775	3.0
2014	(\$248,775)	\$248,775	3.0
2015	(\$248,775)	\$248,775	3.0
2016	(\$248,775)	\$248,775	3.0

Fiscal Analysis

The bill would create new permitting program at the Texas Commission on Environmental Quality (TCEQ) to require the agency to consult with the Governor's Office, the Texas Military Preparedness Commission, Comptroller's Office, and the State Energy Conservation Office when developing and amending rules to implement and administer new requirements for wind-powered electric generation facilities located near a federally owned or operated radar installation or military installation.

The bill would require that the TCEQ create, maintain and publish on its website a list of federally owned or operated radar installations and military installations that request notification of construction or expansion of a wind-powered electric generation facility that will occur within 25 miles of the

boundaries of the installation.

Starting with the effective date of the Act, the bill would require wind-powered electric generating facilities to provide information to the agency (name of person planning and the location and detailed description of the planned construction or expansion, as well as the name and location of the federal installations within 25 miles). After receipt of this information, the agency would be required, within 25 days, to provide notice of these wind-powered construction or expansion projects to: these federal installations, each county or municipality with boundaries within 25 miles of an installation, the governor's office, the Texas Military Preparedness Commission, the Comptroller's Office, and the State Energy Conservation Office. These provisions would expire on April 1, 2012.

For projects starting on April 12, 2012 and beyond, the bill would require a person planning the construction or expansion of a wind-powered electric generation facility to obtain a permit or permit amendment from the TCEQ. The agency would be required to submit a copy of the administratively complete applications to the federal installations and each county or municipality with boundaries within 25 miles of an installation, the governor's office, the Texas Military Preparedness Commission, the Comptroller's Office, and the State Energy Conservation Office. After this notice, the Comptroller's Office is required to prepare an economic impact analysis of the proposed construction or expansion and to submit it to the TCEQ.

The bill would specify the conditions for permit issuance. The TCEQ would not be authorized to issue a permit or permit amendment for construction or expansion if it determines that the construction or expansion will unreasonably interfere with the activities of a federally owned or operated radar installation or military installation whose boundaries are within 25 miles of any part of the planned construction or expansion. In addition, for permit issuance, the TCEQ would be required to consider the following factors in deciding whether to issue the permit or permit amendment:

- (1) the mission of any federally owned or operated radar installation or military installation that the commission determines has boundaries within 25 miles of the proposed construction or expansion;
- (2) the economic impact of the proposed construction or expansion on affected municipalities and counties and on this state, using the analysis submitted by the comptroller; and
- (3) any other information the commission determines is relevant.

The bill would require the TCEQ to charge a fee in an amount not to exceed the amount needed to reasonably recover the costs of administering the bill's provisions.

Methodology

Although the TCEQ was not able to provide an estimate of the number of applications that the agency might receive during a fiscal year, this estimate assumes that the agency would require a minimal amount of staff dedicated to the wind-powered electric generating facilities permitting program created by the bill. A minimum of 3.0 FTEs would be needed to process applications, perform research and administrative duties, and travel. Costs are estimated at \$248,775, with an additional \$32,000 in start-up costs needed in fiscal year 2012. Because the bill provides for the agency to assess a fee to recover costs, revenue equal to these costs is shown in the table above. This estimate assumes that TCEQ's costs of implementing the bill would be paid out of the General Revenue Fund.

The General Land Office (GLO) reports that passage of the bill could have a negative impact on revenues to the Permanent School Fund (PSF) No. 44 because the bill's permitting requirements could reduce the number of wind-powered electric generating facilities locating on PSF-owned land, depending on the number of permits that might be denied. Although the immediate impact is not expected to be significant to overall PSF revenue, the GLO reports that over the 20 to 30 year horizon, the bill's passage could result in as much as \$500 million in lost PSF No. 44 revenue.

The Comptroller's Office does not anticipate significant administrative costs as a result of the bill's passage.

Local Government Impact

A local government seeking to install wind generating facilities would incur application costs associated with obtaining a permit. These costs are not expected to be significant. However, a local government could be limited by the permitting requirements created by the bill as to where it could choose to locate wind generating facilities.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 301 Office of the Governor, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 582 Commission on Environmental Quality

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