

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 20, 2011

TO: Honorable Wayne Smith, Chair, House Committee on Environmental Regulation

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

IN RE: HB3541 by Smith, Wayne (Relating to requirements to meet national ambient air quality standards.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would prohibit the Texas Commission on Environmental Quality (TCEQ) from requiring a person who applies for an air permit or authorization to demonstrate that the activity to be permitted or authorized complies with a national ambient air quality standard unless the demonstration is required by the Federal Clean Air Act (FCAA), the state implementation plan (SIP), or other provisions in Health and Safety Code, Chapter 382.

The TCEQ reports that the bill would exclude the review of proposed air emissions in future permit applications for minor and major sources in nonattainment areas for a determination of compliance with the National Ambient Air Quality Standards (NAAQS). The TCEQ also reports that passage of the bill would require a revision of the SIP approved rules. Further, the TCEQ reports that if the U.S. Environmental Protection Agency (EPA) would view this as a relaxation of SIP requirements, then the state's federal delegation of the air permitting program could be threatened and could result in the EPA disapproving the SIP and a implementing a corresponding federal implementation program. As a result, it is possible the state could lose federal highway funds and grant money. The loss would depend on any action the EPA might take.

Administrative costs to the TCEQ in implementing the provisions of the bill are not expected to be significant.

Local Government Impact

If the bill's provisions lead to the loss of federal highway funds and grant money, local governments could see a decrease in grant dollars, depending on any action the EPA might take upon passage of the bill. However, costs to local governments to implement the provisions of the bill are not expected to be significant.

Source Agencies: 582 Commission on Environmental Quality

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