

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 6, 2011

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

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

IN RE: SB527 by Fraser (Relating to projects funded through the Texas emissions reduction plan.),
As Engrossed

No fiscal implication to the State is anticipated.

The bill would modify sections of the Health and Safety Code related to the New Technology Research and Development (NTRD) program within the Texas Emissions Reduction Plan (TERP) program and would implement a recommendation in the report, "Eliminate the New Technology Research and Development Program" in the Legislative Budget Board's *Government Effectiveness and Efficiency Report* submitted to the Eighty-second Texas Legislature, 2011.

Section 1 of the bill would amend Chapter 386 of the Health and Safety Code to rename the NTRD program as the air quality research support program, and to establish the regional air monitoring program.

Section 3 of the bill would remove the current 87.5 percent allocation for the diesel emissions reduction incentive program, and provide that the program receive the balance of TERP Account No. 5071 funding that is not used for other various statutory allowable uses of the funding. The bill would also provide not more than \$3,400,000 for administrative costs incurred by the TCEQ, whereas that limitation is 2 percent of money in the fund under current law.

Section 3 of the bill would also remove a designation of nine percent of funding out of the General Revenue-Dedicated TERP Account for the NTRD program. For the regional air monitoring programs (TCEQ) regions 3 and 4, not more than \$7 million would be allocated in 2012 and 2013, and not more than \$3 million would be allocated in 2014 and in each subsequent year. The regional programs would be implemented under the TCEQ's oversight through a regional nonprofit entity.

Section 7 would remove from Chapter 447 of the Government Code the authority of the Texas Commission on Environmental Quality (TCEQ) to fund the costs of verification of technologies with the Environmental Protection Agency for projects developed under the NTRD program.

The bill is not expected to result in a fiscal impact to the state; however, the level of funding for programs funded out of the TERP Account No. 5071 would change, with funding shifting from the NTRD program (although no funding for the NTRD program was included in Senate Bill 1, As Introduced) and a portion of the diesel emissions reduction incentive program to the regional air monitoring program and to TERP program administration. The actual change in program funding levels would depend on the amount the legislature would allocate to each of the programs eligible for TERP funding.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 712

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