LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 23, 2013

TO: Honorable Patricia Harless, Chair, House Committee on Environmental Regulation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2499** by Smith (Relating to the use of Texas emissions reduction plan funds for a drayage truck purchase incentive program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2499, As Introduced: an impact of $0 through the biennium ending August 31, 2015.

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
2014	$0
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *Texas Emissions Reduction Plan* 5071
2014	($11,509,575)
2015	($11,509,575)
2016	($11,509,575)
2017	($11,509,575)
2018	($11,509,575)

Fiscal Analysis

The bill would creates a new Drayage Truck Incentive Program (DTIP) within the Texas Emissions Reduction Plan (TERP) program to provide rebate-type funding for the replacement of pre-2007 model year drayage trucks with newer model year trucks. A "drayage truck" would be defined as a truck that transports a load in a port, distribution center, or rail yard.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to adopt rules to establish the criteria for the model year trucks eligible for the program. The TCEQ would also be required to establish procedures to verify that a person who receives an incentive has permanently removed the truck being replaced from operation in a nonattainment area or affected county in Texas, immediately after the purchase of the newer truck.

The bill would require the Comptroller of Public Accounts (CPA) to adopt rules to develop a method to administer and account for the DTIP and to pay the incentive money to the purchaser. The CPA would be required to develop and publish forms and instructions for applying for the incentives and is to make the forms available to drayage truck dealers, who are to make the forms available to prospective purchasers. Such forms would include a verification form, with information to be provided by the dealer, to verify the sale of the truck. Dealers would be required to complete the verification form at the time of sale and the applicant is to include the form with the application and maintain copies of the verification forms for at least two years.

The CPA would be required to report annually to the TCEQ regarding the purchase incentives. If the balance available for the drayage truck purchase incentives falls below 15 percent of the total allocated for the incentives during the fiscal year, the CPA would be required to suspend the incentive program until the balance available is adequate to resume the incentives or the next fiscal year, whichever is earlier. The CPA would be required to notify the TCEQ and all drayage truck dealers that the incentives have been suspended. The CPA would also be required to establish a toll-free telephone number available to drayage truck dealers to use to verify the availability of the incentives.

The bill would provide the DTIP an allocation of 20 percent of the 87.5 percent of funding out of the General Revenue-Dedicated TERP Account No. 5071 allocated for diesel emissions reduction incentive grants.

The bill would take effect September 1, 2013.

Methodology

This analysis assumes that current TERP expenditures for the various programs receiving TERP allocations would continue at 2012-13 levels, and that the legislature would appropriate additional funds to implement the DTIP. Based on annual appropriations for TERP diesel emissions reduction incentive programs of $57.5 million during the 2012-13 biennium, this estimate assumes that $11.5 million in additional funding out of the TERP Account No. 5071 would be appropriated to provide DTIP grants. If no additional funds would be appropriated by the legislature, then it is estimated that the TCEQ would provide $11.5 million less per fiscal year in grants for off-road heavy duty diesel trucks and equipment.

The bill would require the TCEQ to adopt rules to establish procedures to verify that a person who receives a drayage truck incentive has permanently removed the truck being replaced from operation in a nonattainment area or affected county in Texas. The agency would be required to perform enforcement of these requirements, which would include tracking, reporting, and monitoring. The TCEQ estimates that there would be a cost to implement the verification requirements of the bill. It is anticipated that these costs could be absorbed using existing agency resources.

The Comptroller of Public Accounts estimates there would be a cost to implement the bill. It is anticipated that the costs could also be absorbed within current resources.

Local Government Impact

Local governments that operate trucks at port and intermodal facilities, such as port authorities, could be eligible for DTIP funding.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 712 Texas A&M Engineering Experiment Station

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