LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 5, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3110** by Hilderbran (Relating to the Texas Emissions Reduction Plan motor vehicle purchase or lease incentive program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3110, As Introduced: a negative impact of ($5,000,000) 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	($2,500,000)
2015	($2,500,000)
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2014	($2,500,000)
2015	($2,500,000)
2016	$0
2017	$0
2018	$0

Fiscal Analysis

The bill would amend the Motor Vehicle Purchase or Lease Incentive (MVPLI) Program established within the Texas Emissions Reduction Plan program in Health and Safety Code, Chapter 386, Subchapter D. The bill makes changes to the existing program, which was established in 2001 but never implemented. The bill would provide update criteria for incentive funding under the program. Light-duty vehicles operating on compressed natural gas, liquefied petroleum gas, or electric drive would be eligible for incentive funding of $2,500 per vehicle.

The bill would limit the number of vehicles to 2,000 during the 2014-2015 biennium. The provision limiting the number of vehicles would expire on September 1, 2015.

On August 1 of each year the TCEQ would be required to publish and provide to the CPA a list of new model motor vehicles eligible for an incentive.

Methodology

The MVPLI program was established in 2001, but it has never actually been implemented. Funding for the program was initially designated as being from the General Revenue-Dedicated TERP Fund No. 5071. However, the MVPLI program is no longer included as an eligible use of TERP Account No. 5071 funding per Health and Safety Code, Section 386.252.

Because the bill provides for a specific level of incentive funding for the program ($2,500) and limits the number of vehicle rebates to 2,000 vehicles during the 2014-15 biennium, this analysis assumes that passage of the bill would indicate a legislative intent to appropriate funds to implement the program at the levels established in the bill. This estimate assumes that because TERP Account No. 5071 funding would not be available for the program, the program would be funded out of the General Revenue Fund, and that 1,000 rebates of $2,500 per rebate would be awarded in both fiscal years 2014 and 2015. Although the bill removes the limit on the number of vehicles eligible for the rebates on September 1, 2015, this analysis assumes the same level of rebates through fiscal year 2018.

The Comptroller of Public Accounts estimates there would be a cost associated with implementation of the bill. It is anticipated that the additional costs could be absorbed within existing resources.

Passage of the bill is not expected to result in any significant costs to the TCEQ.

Local Government Impact

A local government would be eligible to apply for incentive funding from the MVPLI program. The amount of funding an entity would receive would depend on whether an entity's application would qualify for incentive funding and whether funds would still be available for the program at the time of application.

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

LBB Staff: UP, SZ, ZS, TL