

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 17, 2013**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1756** by Uresti (Relating to the expedited processing of certain applications for permits under the Clean Air Act; authorizing a surcharge.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1756, As Passed 2nd House: 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Clean Air Account</i> 151</b>	<b>Probable Savings/(Cost) from <i>Clean Air Account</i> 151</b>
2014	\$955,000	(\$955,000)
2015	\$897,000	(\$897,000)
2016	\$897,000	(\$897,000)
2017	\$897,000	(\$897,000)
2018	\$897,000	(\$897,000)

**Fiscal Analysis**

The bill would require the Texas Commission on Environmental Quality (TCEQ) to develop a program to expedite the processing of permits, amendments, registrations, or variances for expedited air permit reviews for the Air Permits Division (APD).

The bill would allow an applicant to request expedited permit processing, and it would require the Texas Commission on Environmental Quality (TCEQ) to expedite the review of a permitting action if it is determined that the project would benefit the local or state economy. The bill would provide that a permit issued under the expedited application process would not affect a contested case hearing and would need to meet all applicable federal, statutory, and regulatory requirements.

The bill would authorize the TCEQ to establish a surcharge on the standard permit application fee for an expedited review process. The surcharge would need to be sufficient to cover all expenses related to expediting the permit review process, including overtime, contract labor, and other associated costs. The bill would provide TCEQ the option to use overtime, and contract labor, to support the expedited permitting process. The bill also would exempt TCEQ from the requirement to include the use of overtime, compensatory time, and contract labor in calculating the limit on the number of full-time employees at the agency. The bill would also allow the TCEQ to pay for compensatory time, overtime, or contract labor to implement the expedited permit program.

The bill would become effective immediately if it receives a two-thirds vote in both houses. If the bill does not receive the votes necessary to take immediate effect, the bill would become effective on September 1, 2013. The bill would require the TCEQ to adopt rules to implement the provisions of the bill as soon as practicable after the bill's effective date.

## **Methodology**

The TCEQ reports that although the exact number of permit applicants that would request expedition is not known, approximately 10 percent of permit requests in the past have been for expedited permits. This analysis thus assumes that 10 percent of requests would be for expedited permits. The TCEQ estimates that costs to the agency to implement the expedited permitting process for that portion of permits would be \$897,000 each fiscal year, with an additional \$58,000 in start-up costs in fiscal year 2014. Because the bill provides for the agency to use contractors for the expedited permits, and because the bill would exempt such contractors from limitations on Full-Time Equivalent (FTE) positions, no additional FTEs are shown in the table above.

This analysis assumes that the TCEQ would assess fee surcharges sufficient to cover the agency's costs in each fiscal year upon implementation of the expedited permit program, and that such fees would be deposited to the General Revenue-Dedicated Clean Air Account No. 151.

## **Local Government Impact**

A local government that requests an expedited air permit would be required to pay the surcharge. The surcharge rate would depend on the level set by the TCEQ. Because the bill provides that expedited permits would be used only when the Executive Director of the TCEQ determines that a permit would benefit the local or state economy, this analysis assumes that any costs related to expedited permit surcharges would be offset by the economic benefit of the project to the local economy.

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

**LBB Staff:** UP, SZ, TL, ZS

