

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 11, 2013

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1756, Committee Report 1st House, Substituted: 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 Revenue Gain/(Loss) from <i>Clean Air Account</i> 151	Probable Savings/(Cost) from <i>Clean Air Account</i> 151
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, incentive pay, contract labor, and other associated costs. The bill would provide TCEQ the option to use overtime, contract labor, financial incentives, or other incentives to support the expedited permitting process. The bill also would exempt TCEQ from the requirement to include the use of overtime, compensatory time, contract labor, or other incentives 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, financial or other incentives, 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: 582 Commission on Environmental Quality

LBB Staff: UP, TL, SZ, ZS