

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 9, 2019

TO: Honorable J. M. Lozano, Chair, House Committee on Environmental Regulation

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB3745 by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller and administered by the Texas Commission on Environmental Quality (TCEQ). This fund would consist of revenues from fees and surcharges currently deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071.

The bill would designate the existing General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and amounts that would be transferred from the new TERP Fund.

The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium.

For informational purposes, the following reflects estimated transfers to the TERP Fund outside the treasury each fiscal year should revenue sources be continued, and are based on revenue estimates included in the Comptroller of Public Accounts Biennial Revenue Estimate. These include \$265,295,000 in fiscal year 2020; \$272,526,000 in fiscal year 2021; \$277,656,000 in fiscal year 2022; \$282,908,000 in fiscal year 2023; and \$288,287,000 in fiscal year 2024.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account. Based this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated in fiscal year 2020 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect September 1, 2019.

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

LBB Staff: WP, SZ, MW, GDz, PM