

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 17, 2019

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3745, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2021.

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
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i>	Probable Revenue Gain/(Loss) from <i>New Trust Fund Outside the Treasury</i>
2020	6 (\$150,826,000)	\$265,295,000
2021	(\$152,334,000)	\$272,526,000
2022	(\$153,858,000)	\$277,656,000
2023	(\$155,396,000)	\$282,908,000
2024	(\$156,950,000)	\$288,287,000

Fiscal Analysis

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 outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) as a trustee. 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 amend the Tax and Transportation Codes to extend these fees and surcharges for each active or revoked ozone National Ambient Air Quality Standard (NAAQS) until all areas in Texas have been designated by the Environmental Protection Agency as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment. This includes continuance of the transfer of State Highway Funds previously deposited to the credit of the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 which, under the provisions of the bill, would now be deposited to the credit of the new TERP Fund in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees.

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. The bill would increase the administrative allocation funded from both the TERP Account and the TERP Fund from \$8 to \$16 million each year.

Methodology

This estimate is based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Biennial Revenue Estimate. These amounts would be deposited to the credit of the new TERP Fund established under the provisions of the bill.

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 including the increase in the administrative allotment from \$8.0 to \$16.0 million each year. Based on 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 from this provision 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.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

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

Quality

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