

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 11, 2021

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2140 by Thompson, Ed (Relating to the administration of and funding for the Texas emissions reduction plan.), **As Introduced**

No significant fiscal implication to the State is anticipated.

A negative fiscal impact is anticipated to the Texas Emissions Reduction Plan Trust Fund outside the Treasury of \$23,225,000 in fiscal year 2022 and \$23,922,000 each subsequent fiscal year due to a reduced surcharges.

The bill would amend the Health and Safety Code to increase the percentage of Texas Emission Reduction Plan (TERP) funding that can be used for the new technology implementation grant program and the clean fleet program.

In addition, the bill would reduce the surcharge imposed on the retail sale, lease, or rental of certain new or used equipment from 1.5 to 1.0 percent of the sale price or the lease or the rental amount. Under current law, revenues from this surcharge would be deposited to the credit of the Texas Emission Reduction Plan Trust Fund (TERP Trust Fund), which is outside of the state treasury, beginning September 1, 2021, due to the enactment of House Bill 3745, Eighty-sixth Legislature, Regular Session, 2019; therefore, this bill's provisions would not have a significant fiscal impact to the state.

Based on information provided by the Comptroller of Public Accounts, the Comptroller does not have projections for the fiscal impact that the reduction of the surcharge imposed under Section 151.0515 of the Tax Code would have on TERP revenues because those revenues would be deposited to the TERP Trust Fund held outside the Treasury beginning September 1, 2021.

TCEQ would administer the TERP Trust Fund beginning September 1, 2021. Based on the analysis of TCEQ, the surcharge reduction would result in an estimated revenue decrease of \$23,225,000 in fiscal year 2022 and \$23,922,000 in each subsequent fiscal year to the TERP Trust Fund.

Local Government Impact

According to TCEQ, the loss in revenue from the TERP surcharge could result in fewer TERP grants available for local and other governmental entities than would otherwise have been available in the fiscal biennium.

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

LBB Staff: JMc, AJL, MW, GDZ