

# Keeping Texas Competitive

## A Legislator's Guide to the Issues 2013-2014



### Cut Environmental Bureaucracy

#### The Issue

The Texas Commission on Environmental Quality (TCEQ) is the largest state environmental regulatory agency in the country and the second largest environmental agency in the world, after the federal Environmental Protection Agency (EPA). The size of TCEQ is, in part, a reflection of the geographical size of the state, large population, growing economy, and the state's strong energy and manufacturing sector.

The size and cost of the agency, however, is also a direct consequence of the state's choice to implement federal programs delegated by EPA to the TCEQ. At least 80% of TCEQ's programs and actions are dictated by EPA and paid for by multiple fees imposed on private business and local governments. For the last 20 years, Texas governors and the Legislature strongly supported delegation of EPA programs to the state.

#### The Facts

- Over 84%, or \$583.5 million, of TCEQ's budget came from imposed fees (considered General Revenue dedicated funds), and 11.4%, or \$78.6 million, came from federal funding.
- Appropriated General Revenue funds amount to \$11.8 million, or only 1.7% of the agency's total funding of \$692 million.
- The Texas Department of Agriculture and the Texas Parks and Wildlife Commission spend millions of taxpayer dollars on marketing and promotion.
- The Texas Emission Reduction Program (TERP) today serves as a subsidy rather than a way to improve air quality.

#### Recommendations

##### • **Eliminate the following programs:**

- *The Texas Emission Reduction Program (TERP)* is supported by general revenue dedicated funds derived from a surcharge on all title fees. The original purpose of TERP was to help the state attain the federal ozone standard without having to impose draconian controls such as "no-drive days" and limiting hours of operation for road building. TERP no longer serves this purpose and federal approval of this program is unclear.
- *The Pollution Prevention Advisory Council*, which advises TCEQ on pollution prevention and recycling programs.
- *The Take Care of Texas Program*, which aims at convincing the public to reduce their environmental impact.
- *The Texas Clean School Bus Program*, which provides grants to school districts and charter schools to cover installation costs for retrofitting school buses.
- *The Recycling Market Development Implementation Program*, which coordinates TCEQ recycling efforts with other state agencies and programs.
- *Seed Quality, Seed Certification, Feral Hog Abatement, and Agricultural Commodity programs* at the Texas Department of Agriculture.

- *Promotion and Outreach programs* at the Texas Parks and Wildlife Department; reduce funding for TPWD's Wildlife Conservation and Technical Guidance programs.
- *Energy Resource Development and Alternative Energy Promotion programs* at the Texas Railroad Commission.
- **Eliminate Fee-Driven Dedicated Funding at TCEQ.** Since TCEQ funding consists largely of fee-driven dedicated funds, its impact on the General Revenue budget deficit is minimal. Dedicated funds, however, can be an inefficient means of funding agency programs that may needlessly burden the local governments and the private sector. Through direct appropriation of general revenues—even if in an amount commensurate with existing fees—the Legislature would be forced to more directly scrutinize the activities funded by the fees and the burden imposed on the private sector and local governments to pay the fees.
- **Return Certain TCEQ Programs to EPA Administration.** In addition, the majority of TCEQ funds are spent administering EPA mandated programs at the state level. The current EPA's unprecedented regulatory initiatives have made it increasingly difficult for the state to administer EPA programs in a manner consistent with state interests. Texas' recent experience with TCEQ's refusal to implement EPA's greenhouse gas regulations (which resulted in an EPA takeover of the state's permitting program) raises doubts about whether these programs can continue to be effectively administered by the state government. Certain federal programs, such as Title V operating permits, are particularly appropriate to return to EPA.

## Resources

*Fiscal Size-up: 2012-13 Biennium*, Legislative Budget Board (Jan. 2012).

*EPA's Approaching Regulatory Avalanche* by Kathleen Harnett White, Texas Public Policy Foundation (Feb. 2012).

