LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

TO: Honorable George "Buddy" West, Chair, House Committee on Energy Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB592** by Dukes (Relating to energy efficiency programs developed by the energy office.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB592, As Introduced: an impact of $0 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$0
2005	$0
2006	$0
2007	$0
2008	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *OIL OVERCHARGE ACCT* 5005
2004	($109,332)
2005	($109,332)
2006	($109,332)
2007	($109,332)
2008	($109,332)

Fiscal Year	Change in Number of State Employees from FY 2003
2004	1.0
2005	1.0
2006	1.0
2007	1.0
2008	1.0

Fiscal Analysis

The bill would amend statute to establish the Texas Energy Assistance Loan Program (TEALP) in order to promote energy efficient housing and mortgages for energy efficient housing through voluntary participation with lenders and builders. The State Energy Conservation Office (SECO), located within the Fiscal Programs of the Comptroller of Public Accounts, would establish voluntary guidelines for energy efficient housing construction and for assigning uniform energy efficiency ratings to existing and newly constructed residential buildings by January 1, 2004 .

The bill would take effect September 1, 2003.

The bill would require the agency to expand it responsibilities to include coordinating the delivery and marketing of mortgage incentives to purchase energy efficient residential housing and to improve the energy efficiency of existing residential housing. In addition, the agency would be required to provide training, technical assistance, and workshops concerning energy efficient construction, design, and remodeling. The agency would also be required to develop a database to track energy efficiency improvements in the state. Furthermore, market penetration studies and program monitoring and evaluation would be required along with maximization of procuring funds from the federal government, other state entities, and private companies and non-profit organizations. The agency would also be required to issue annual guidelines, create an advisory task force, and develop and implement a project designs for consumers, property owners, and owners of agricultural equipment. The agency would fund required projects and initiatives with General Revenue Dedicated Oil Overcharge funds, per Section 2305.103 of the bill.

Methodology

According to the Comptroller of Public Accounts' State Energy Conservation Office (SECO), the cost to coordinate and deliver marketing of mortgage incentives would be $15,000 per fiscal year. This cost would be expected to continue for the duration of the program.

The number of trainings, technical assistance, and workshops associated with the program would approximately be 15 per fiscal year. The average cost for such trainings would be $3,000 for a total of $45,000. This cost would continue for the duration of the program. In addition, the development and purchase of assessment tools would cost approximately $10,000. This would include software and monitoring equipment.

The development of a database to track energy efficiency improvements and the conducting of market penetration studies would have no significant fiscal impact due to the agency currently having in-house capabilities to create and maintain such databases and provide market studies.

The program monitoring and evaluation would be achieved by the addition of 1 FTE. This FTE, a Program Administrator III, would be responsible for monitoring and evaluation, issuing guidelines, developing and implementing project designs. The cost for the FTE would be $37,332. This cost would continue for the duration of the program. Associated costs for travel associated with monitoring and evaluation would be approximately, $2,000. This cost would continue for the duration of the program. In addition, the Advisory Task Force would create no significant cost to the state because it is assumed that it would be voluntary, and the agency has indicated that it would not pay travel or per diem. The newly created Program Administrator would be responsible for the creation and maintaining of this Task Force.

Technology

There would be no significant technology cost to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:	304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 551 Department of Agriculture
LBB Staff:	JK, CL, SD, JM