

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATURE 1st CALLED SESSION - 2005**

**June 27, 2005**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: SB21** by Fraser (Relating to furthering competition in the communications industry.), **As Introduced**

<p>The Public Utility Commission indicates that the bill could result in additional costs to the state, but that the costs cannot be quantified at this time.</p>
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Section 27 of the bill would designate the Public Utility Commission (PUC) as the franchising authority for statewide cable and video franchises. It is assumed that implementing the provisions of the bill would require the PUC to engage in additional rulemakings and the PUC also indicates that additional contested cases, customer protection and enforcement actions could be required. However, the PUC indicates that the extent to which the bill would result in increased costs cannot be quantified at this time based on the requirements of the bill. As a result, no significant costs are identified in this analysis based on the information provided by the PUC. While it is anticipated that the section would result in an additional cost to the PUC, the magnitude of that cost cannot be quantified at this time.

It is anticipated that all other costs to PUC associated with the bill could be absorbed within the agency's existing resources.

The Comptroller of Public Accounts indicates that the bill would have no direct effect on state revenue, and that any secondary effect on state revenue related to telecommunications or communications deregulation cannot be determined.

**Local Government Impact**

Because the bill provides a method to grandfather existing franchise agreements under the proposed system and a method for making the transition for those contracts that have already expired, no initial fiscal impact to units of local government is anticipated. However, several municipalities that provided fiscal information assumed that once grandfathered agreements expire, the municipalities would experience a loss of franchise fees and the value of in-kind services.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JOB, SD, SR, MW, RB, DLBa