

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 2

April 13, 2007

TO: Honorable Phil King, Chair, House Committee on Regulated Industries

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

IN RE: HB551 by Turner (Relating to the system benefit fund and to eligibility for and enrollment for benefits provided under the system benefit fund programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB551, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from System Benefit Account 5100	Probable Revenue Gain from System Benefit Trust Fund (outside state treasury)	Probable Savings/(Cost) from System Benefit Trust Fund (outside state treasury)
2008	(\$148,544,000)	\$146,897,000	(\$12,000,000)
2009	(\$155,605,000)	\$150,336,000	(\$12,000,000)
2010	(\$159,365,000)	\$153,855,000	\$0
2011	(\$162,967,000)	\$157,457,000	\$0
2012	(\$166,654,000)	\$161,144,000	\$0

Fiscal Analysis

The bill would amend the Utilities Code to establish the system benefit fund (fund) as a trust fund held outside of the state treasury and require the Public Utility Commission (PUC) to administer the fund as trustee. The bill would require the PUC, by rule, to provide procedures for fees collected to be deposited in the fund and credited properly and authorize the PUC to establish separate accounts in the fund for certain purposes.

The bill would require the PUC to develop and implement a program through retail electric providers to reduce electric rates for eligible nursing home customers. The bill would set a 20 percent maximum rate reduction for certain qualified customers. The bill would require the PUC to prepare and send

quarterly and periodic annual reports on customer enrollment to each member of the Legislature and to the electric utility restructuring legislative oversight committee.

The bill would require PUC to spend a minimum of \$12 million from the newly created trust fund each year to fund consumer education programs for fiscal 2008 and 2009, but would prohibit the PUC from funding consumer education programs after August 31, 2009.

The bill would require the PUC to adopt required rules by January 1, 2008.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts, the bill would result in a revenue loss to the System Benefit Account 5100 of \$148,511,000 in fiscal year 2008; \$155,605,000 in fiscal year 2009; 159,365,000 in fiscal year 2010; \$162,967,000 in fiscal year 2011; and \$166,654,000 in fiscal year 2012. The bill would result in a gain to the System Benefit Trust Fund outside the state treasury of \$146,897,000 in fiscal year 2008; \$150,336,000 in fiscal year 2009; \$153,855,000 in fiscal year 2010; \$157,457,000 in fiscal year 2011; and \$161,144,000 in fiscal year 2012. The bill would create the System Benefit Trust Fund (fund) as a trust fund outside of the State Treasury and divert the revenue from the System Benefit Account 5100 to the fund. The estimated fiscal impact is based on the Comptroller of Public Accounts Biennial Revenue Estimate for 2008-09. Revenues for fiscal 2008 were adjusted for the one month of revenue that would be retained in the account. Interest income was adjusted downward in GR Account 5100 because of the loss of revenue.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review.

Based on the analysis of the Public Utility Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission

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