

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB735 by Straus (Relating to the discontinuation of the Telecommunications Infrastructure Fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB735, As Engrossed: a negative impact of (\$386,700,000) through the biennium ending August 31, 2009, if the effective date of the bill is *September 01, 2007*; or a negative impact of (\$421,803,000) through the biennium ending August 31, 2009, if the effective date of the bill is *July 01, 2007*.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1 |
|-------------|---|
| 2008 | (\$175,515,000) |
| 2009 | (\$211,185,000) |
| 2010 | (\$211,754,000) |
| 2011 | (\$212,325,000) |
| 2012 | \$0 |

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1 |
|-------------|---|
| 2008 | (\$210,618,000) |
| 2009 | (\$211,185,000) |
| 2010 | (\$211,754,000) |
| 2011 | (\$212,325,000) |
| 2012 | \$0 |

Fiscal Analysis

The bill would repeal Chapter 57, Subchapter C of the Utilities Code, abolishing the Telecommunications Infrastructure Fund (TIF) assessment, effective either September 1, 2007 if the bill passes but receives less than the majority required for immediate effect, or July 1, 2007 if the bill receives the sufficient voting majority to take immediate effect. The bill also would abolish statutory requirements of funding TIF programs and make conforming changes.

Methodology

The bill's fiscal impact is based on the Comptroller's 2008-09 Biennial Revenue Estimate (BRE). Scenario 1 shows the state fiscal impact if the TIF assessment is ended September 1, 2007; scenario 2

shows the state fiscal impact if the assessment is ended July 1, 2007.

Scenario 1: Abolishment of the TIF assessment, effective September 1, 2007, would result in an estimated loss of approximately \$175.5 million in fiscal year 2008 and approximately \$211-213 million each year until fiscal year 2012, at which point the assessment would have expired unless continued as provided by Chapter 325 of the Government Code (the Texas Sunset Act). Because there is a two-month lag between the month in which the assessment is collected and when the assessment is deposited into the state treasury, the FY2008 revenue reduction represents the receipt of two months of revenue from July and August 2007.

Scenario 2: Abolishment of TIF, effective July 1, 2007, would result in an estimated loss of approximately \$210.6 million in fiscal year 2008 and approximately \$211-213 million each year until fiscal year 2012, at which point the assessment would have expired under current law. Because of the two-month lag between the assessment collection and deposit, the fiscal year 2008 revenue reduction represents the full amount of assessment revenue estimated in the Comptroller's BRE.

Technology

This bill would have no significant technology fiscal impact to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 313 Department of Information Resources, 701 Central Education Agency

LBB Staff: JOB, CT, JRO, UP, JGM