

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 11, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: HB2970 by Chisum (Relating to programs, incentives, and tax exemptions to encourage the use, manufacture, storage, distribution, or sale of carbon-free hydrogen energy; providing for the issuance of bonds.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2970, As Introduced: a negative impact of (\$323,041) 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	(\$196,588)
2009	(\$126,453)
2010	(\$126,453)
2011	(\$126,453)
2012	(\$126,453)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$196,588)
2009	(\$126,453)
2010	(\$126,453)
2011	(\$126,453)
2012	(\$126,453)

Fiscal Year	Change in Number of State Employees from FY 2006
2008	0.0
2009	2.0
2010	2.0
2011	2.0
2012	2.0

Fiscal Analysis

The bill would require the State Energy Conservation Office to establish by September 1, 2008, a program to administer loans to businesses to expand the use of hydrogen energy in the state. The bill would require a voter approved constitutional amendment to authorize the Texas Public Finance Authority to issue general obligation bonds to fund the loans in an amount not to exceed \$250 million.

Based on the analysis of TxDOT, it is assumed the provisions of the bill exempting hydrogen-powered vehicles from the payment of tolls would not result in a significant impact to the state due to the anticipated limited usage of hydrogen-powered vehicles.

Methodology

It is assumed that debt service for bond proceeds will be repaid through loans from business entities. The proceeds of bond loans to business entities would be taxable bonds under federal tax regulations at a 7.5 percent interest rate and a 20-year level debt service structure. Based on the analysis by the Texas Public Finance Authority, the bill does not limit the amount or timing of the bond issue, except that no bonds could be issued before the constitutional amendment is passed on November 6, 2007. The total debt service assumed for the 2008-09 biennium is \$24.6 million and includes principal and interest.

The above estimate includes salary for two additional full-time-equivalent positions for the State Energy Conservation Office (SECO) to administer the hydrogen energy loan program and technology costs in 2008. It is assumed that any additional programming costs associated with implementation of the bill could be absorbed within the agency’s existing resources.

The Comptroller’s analysis also assumes that no commercially available motor vehicles would qualify for the proposed exemptions in 2008-09; and because the cost of any qualifying vehicle cannot be determined, the fiscal impact cannot be estimated in future years.

Technology

Technology costs associated with implementation of the bill would be \$60,515 for software programming expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 347 Public Finance Authority, 601 Department of Transportation

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