

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 11, 2007**

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

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

**IN RE: HB2972** by Chisum (Relating to a loan program for businesses that expand the use of or manufacture, store, distribute, or sell carbon-free hydrogen energy; providing for the issuance of bonds.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2972, 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$196,588)
2009	(\$126,453)
2010	(\$126,453)
2011	(\$126,453)
2012	(\$126,453)

**All Funds, Five-Year Impact:**

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

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2007</b>
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. If an amendment is not approved by the voters, this Act has no effect.

### **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.

### **Technology**

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

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 347 Public Finance Authority, 304 Comptroller of Public Accounts

**LBB Staff:** JOB, CT, JW