

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 13, 2007

TO: Honorable Kevin Bailey, Chair, House Committee on Urban Affairs

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

IN RE: HB3498 by Keffer, Jim (Relating to energy aggregation by political subdivisions.),
Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend Chapter 304, Local Government Code to authorize a political subdivision aggregator to contract for the purchase of electricity, purchase, and take any other action necessary to purchase electricity and energy services on behalf of the citizens of the political subdivision or subdivisions.

After a public hearing, the governing body of a municipality with a population of less than 50,000 that is located in a county with a population of 200,000 or less, would be authorized to adopt an ordinance or resolution providing for the automatic enrollment of citizens of the municipality in aggregation services provided under Section 304.002 and provide for the enrollment, upon request, of citizens residing in the unincorporated area located within 20 miles of the geographic boundaries of the municipality. If the municipality adopts an ordinance or resolution, it would be required to order an election on the question of automatic enrollment. The municipality would be required to provide 60 days' written notice to each affected citizen if automatic enrollment is approved by the voters. Citizens would be allowed to request exclusion from enrollment.

The changes in statute would not be intended to abrogate an electric service contract between a citizen of any municipality and a competitive retail electric provider. Any savings attributable to the aggregation program shall accrue to citizen participants, except that the municipality would be allowed to recover its actual administrative costs.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Local Government Impact

A municipality would incur election costs if it were to adopt an ordinance as provided by the bill, as well as administrative costs. Administrative costs could be recovered and election costs vary. It is assumed a municipality would pass an ordinance only if it had the budget to absorb election costs.

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, DB