

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

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

**March 26, 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.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
---

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

The governing body of a political subdivision with a population of less than 50,000 that is a member of a political subdivision corporation as of September 1, 2007, would be authorized to adopt an ordinance or resolution providing for the automatic enrollment in aggregation services of citizens of the political subdivision and provide for the enrollment, upon request, of citizens of unincorporated areas residing within 20 miles of the geographic boundaries of the political subdivisions. The political subdivision would be required to provide 60 days' written notice to each affected citizen.

The changes in statute would not be intended to abrogate an electric service contract between a citizen and a competitive retail electric provider. Any savings attributable to the aggregation program shall accrue to citizen participants, except that the political subdivision 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**

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

**Source Agencies:**

**LBB Staff:** JOB, DB