

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

TO: Honorable Rick Hardcastle, Chair, House Committee on Energy Resources

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

IN RE: HB3929 by Crossover (Relating to funding of the Alternative Fuels Research and Education Division of the Railroad Commission of Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3929, As Introduced: a negative impact of (\$1,328,256) 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	(\$546,128)
2009	(\$782,128)
2010	(\$546,128)
2011	(\$546,128)
2012	(\$546,128)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from ALTER FUELS RESEARCH ACCT 101
2008	(\$546,128)	\$546,128
2009	(\$782,128)	\$236,000
2010	(\$546,128)	\$546,128
2011	(\$546,128)	\$546,128
2012	(\$546,128)	\$546,128

Fiscal Analysis

The bill would remove a provision that currently allows the Railroad Commission to spend 25 percent of liquefied petroleum gas (LPG) delivery fees at the discretion of the Commission. The bill would require that all unexpended balances in the General Revenue-Dedicated Alternative Fuels Research and Education (AFRED) Account No. 101 from the previous fiscal year, beginning August 31, 2008, be carried forward into the following fiscal year and used exclusively for the purpose of consumer rebates, notwithstanding the statutory requirement that not more than 50 percent of funds available for the consumer rebate program in the AFRED Account No.101 in any fiscal year.

Methodology

Because the bill would restrict unexpended balances in the AFRED Account No. 101 on August 31,

2008 to be used for rebates in fiscal year 2009, a cash flow shortage would be expected for the period between September 1, 2008 and November 30, 2008 due to a lag in fee collections for LPG deliveries. This estimate assumes that in fiscal year 2009 \$236,000 in non-AFRED Account No. 101 funds would be needed in place of funding that would otherwise be paid out of the AFRED Account No. 101 if funds in the account were available. This estimate assumes that this cost would instead be paid out of the General Revenue Fund in fiscal year 2009.

Because the bill removes the authority of the Railroad Commission to use 25 percent of funds in the AFRED Account No. 101 at the Commission's discretion, a portion of costs currently paid for training, research, and education would no longer be eligible for funding out of the account. The Railroad Commission reports that such costs would total \$692,428 in each fiscal year. The Railroad Commission also reports that in fiscal year 2006 17.3 percent of money in the AFRED Account No. 101 was spent on administration. Given that the 25 percent limit on use of funds for administration would remain law, this estimate assumes that costs for training and education could be paid from the remaining 7.7 percent not already being used for administration. Based on annual AFRED Account No. 101 expenditures of \$1.9 million, this estimate assumes that \$146,300 in research and education costs each year could be paid out of the administration portion of the account. Remaining costs totalling \$546,128 each fiscal year would require General Revenue.

Because the bill only requires that unexpended balances in the AFRED Account No. 101 be used for rebates in fiscal year 2009, this estimate assumes that the \$546,128 in costs not eligible for expenditure from the account in fiscal year 2008 would all be spent in fiscal year 2009 on rebates. In all other years, the AFRED Account No. 101 would experience a cost savings equal to the level of costs being shifted to General Revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

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