

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

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

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

IN RE: HB3941 by Gallego (Relating to the elimination, temporary suspension, and lawful uses of certain state fees and taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3941, As Introduced: a negative impact of (\$386,693,000) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$175,508,000)
2009	(\$211,185,000)
2010	(\$211,754,000)
2011	(\$212,325,000)
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>ADV COMM EMER COMM ACCT 5007</i>	Probable Revenue Gain/(Loss) from <i>911 SERVICE FEES 5050</i>	Probable Revenue Gain/(Loss) from <i>System Benefit Account 5100</i>
2008	(\$175,508,000)	(\$14,192,000)	(\$50,340,000)	(\$146,897,000)
2009	(\$211,185,000)	(\$1,315,000)	(\$51,647,000)	(\$150,336,000)
2010	(\$211,754,000)	\$0	\$0	\$0
2011	(\$212,325,000)	\$0	\$0	\$0
2012	\$0	\$0	\$0	\$0

Fiscal Analysis

The bill would amend Section 39.903 of the Utilities Code to require that appropriations from the System Benefit Fund be permitted only for a purpose provided by Section 39.903 as it removes the provision allowing appropriations for a purpose determined by an "other law." The bill would further amend this section relating to the regulatory purposes of the System Benefit Fund to increase the rate reduction for all qualified customers from 10 percent to a 20 percent maximum, and to alter the criteria for receiving one-time bill payment assistance.

The bill would require the suspension of collections of the Nonbypassable Utility fee, the 911 Emergencies Equalization surcharges, and the 911 Emergency Service fees in any fiscal year that revenue and balances exceed the amount appropriated for that year.

The bill would repeal Chapter 57, Subchapter C of the Utilities Code to abolish the

Telecommunications Infrastructure Fund (TIF) assessment and the statutory requirements of funding TIF programs.

The bill would take effect September 1, 2007.

Methodology

The provisions of the bill would abolish the Telecommunications Infrastructure Fund (TIF) assessment effective September 1, 2007. The Comptroller of Accounts reports that based on the 2008-09 Biennial Revenue Estimate (BRE), the abolishment of the TIF assessment would result in a revenue loss to the General Revenue Fund 0001 estimated to be \$176 million in fiscal year 2008 (adjusted for two months of revenue collections), \$211 million in fiscal year 2009, and \$212 million in each fiscal year of the fiscal 2010-11 biennium.

Based on the 2008-09 BRE and the general appropriations acts or other supplemental appropriation bills currently under consideration by the 80th Legislature, it is assumed that the Nonbypassable Utility fee and the Emergency Service fees would be suspended because neither the Senate nor House versions of the general appropriations acts or other supplemental appropriation bills meet the criteria to continue collection. The Comptroller's Office reports that the suspended collections would result in the following revenue losses: \$297 million to GR Account 5100—System Benefit Fund (due to the Nonbypassable Utility fee suspension) and \$102 million to GR Account 5050—911 Service Fees (due to the Emergency Service fees suspension).

For the purpose of this analysis, it is assumed that the 911 Emergencies Equalization surcharges would not be suspended for the entire fiscal year in both 2008 and 2009, but would be suspended once collected revenues and fund balances equal the amount appropriated for that fiscal year. The Comptroller estimates a balance of approximately \$10.3 million at the end of fiscal year 2007 for GR Account 5007—Commission on State Emergency Communications. CSHB 1, as engrossed by the House, appropriates \$15.3 million in fiscal year 2008 from the fund. Considering the previous fiscal year fund balance, it is assumed that approximately \$5 million would need to be collected for the fund's collected revenues and balances to equal the fiscal year appropriation. Based on the 2008-09 BRE estimate of revenue collections of \$19.2 million in fiscal year 2008, the subsequent suspension of revenue collection would result in a revenue loss to GR Account 5007 of \$14.2 million. In fiscal year 2009, CSHB 1, as engrossed by the House, appropriates \$18.1 million from the fund. Based on the 2008-09 BRE estimate of \$19.4 million in fiscal year 2009, it is assumed that approximately \$18.1 million would be collected, which would result in a revenue loss to GR Account 5007 of \$1.3 million when revenue collections are suspended.

Any fiscal effect outside of the 2008-09 biennial appropriations cannot be estimated.

Local Government Impact

According to the Commission on State Emergency Communications, the suspension of the wireless service fee for the fiscal 2008-09 biennium would result in a local government impact of approximately \$132.1 million, that would be incurred by emergency communications districts (ECDs) that do not participate in the statewide 9-1-1 program. Currently, the wireless service fee is collected statewide and a portion is remitted to ECDs that do not participate in the statewide 9-1-1 program (approximately two-thirds of the state's population).

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 477 Commission on State Emergency Communications

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