

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 23, 2009**

**TO:** Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

**IN RE: HB1777** by Deshotel (Relating to a loan program to encourage the use of cleaner hydrogen fuel; providing for the issuance of bonds.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1777, As Introduced: a negative impact of (\$27,935,539) through the biennium ending August 31, 2011.

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>
2010	(\$4,519,739)
2011	(\$23,415,800)
2012	(\$23,415,650)
2013	(\$23,414,350)
2014	(\$23,419,450)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	(\$4,519,739)	2.0
2011	(\$23,415,800)	2.0
2012	(\$23,415,650)	2.0
2013	(\$23,414,350)	2.0
2014	(\$23,419,450)	2.0

**Fiscal Analysis**

This bill would amend the Government Code and create the Cleaner Hydrogen Fuel Loan Program to make and guarantee loans to businesses, state government agencies, and local governments for projects related to the manufacture, storage, distribution or sale of hydrogen as a fuel source. The program would be administered by the State Energy Conservation Office within the Fiscal Programs of the Comptroller of Public Accounts. The bill would also require the Texas Public Finance Authority to issue general obligation bonds in an aggregate amount not to exceed \$250,000,000 to fund the program.

**Methodology**

The Comptroller estimates that to implement the provisions of the bill the State Energy Conservation

Office would require an additional 2 FTEs at a cost of \$193,350 per fiscal year out of the General Revenue Fund.

The bill provides that loans may be issued to business entities for the purpose of developing a hydrogen fuel industry. As a result, it is assumed that the debt would be taxable debt.

In addition, since the bill does not designate a funding stream, Bond Review Board assumes that these bonds would be repaid with General Revenue and would be classified as not self-supporting debt.

The Bond Review Board estimates that the entire \$250,000,000 in general obligation bonds would be issued on January 2, 2010 at a taxable fixed interest rate of 7.0 percent and with a twenty-year level principle. Debt service would be \$4,326,389 in fiscal year 2010 and \$23,222,450 in fiscal year 2011 out of General Revenue. The debt service will remain relatively flat through fiscal year 2030.

Note: The \$250,000,000 in general obligation bonds for hydrogen fuel source projects, contingent upon voter approval of Senate Joint Resolution 17, is assumed to be repaid with General Revenue Funds. As not self-supporting general obligation debt, these bonds would be factored into the state's constitutional debt limit.

As of the end of fiscal year 2008, the Bond Review Board estimates the constitutional debt limit for issued, and authorized but unissued debt, is 4.09 percent. Article III, Section 49-j of the Texas Constitution limits the authorization of additional state debt if the percentage of debt service payable from the General Revenue Fund exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues for the previous three fiscal years. The Bond Review Board estimates that the bill would increase the constitutional debt limit by 0.07 percent for a total debt limit of 4.16 percent.

### **Local Government Impact**

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

**Source Agencies:** 347 Public Finance Authority, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 352 Bond Review Board

**LBB Staff:** JOB, JM, WK, MS, EP, JJO