

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: SB265 by Hinojosa (Relating to benefits and protections for certain residential electric customers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB265, As Introduced: an impact of \$0 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>System Benefit Account</i> 5100	Probable Revenue Gain/(Loss) from <i>New System Benefit Account Outside the Treasury</i>
2010	(\$149,759,000)	\$135,613,000
2011	(\$171,598,000)	\$149,922,000
2012	(\$179,173,000)	\$151,934,000
2013	(\$187,610,000)	\$153,974,000
2014	(\$197,034,000)	\$156,041,000

Fiscal Analysis

The bill would amend the Utilities Code to require any entity providing retail electric service to waive deposit requirements for a residential customer who is at least 62 years of age or who has a payment history for electric service in this state that includes not more than one late payment in the preceding 12 months. The bill would prohibit an entity that provides retail electric service from disconnecting service to a customer who requests a deferred payment plan and is a low-income electric customer or has someone in the household who would become seriously ill or more seriously ill if the service were cut. The bill would also require the retail electric service provider to offer a deferred payment plan to a low-income customer with an agreement to pay at least 25 percent of the current month's service charges at the time and the remaining balance in equal installments over the next five billing cycles. The bill would also allow certain customers to defer charges until after September 30 with at least 25 percent due then and the remainder in equal installments over the next five billing cycles.

The bill would amend the Utilities Code to establish the System Benefit Fund Account 5100 (SBF) as a trust fund outside the state treasury solely for the benefit of programs and purposes provided for in the bill. The Public Utility Commission (PUC) would serve as trustee to administer the fund, but would be allowed to hire a third-party contractor for operations. The bill would require the PUC to undertake to spend all available funds on the programs under the SBF trust fund.

The PUC would be required to adopt or amend rules to implement the provisions of this bill.

The bill requires fees for the SBF collected under Section 39.903, Utilities Code, before the effective date of this Act to be remitted to the Comptroller of Public Accounts for deposit in the General Revenue fund.

This Act would take effect September 1, 2009.

Methodology

The bill, by moving the SBF to a trust fund held outside the state treasury, would result in the loss of the annual revenue to the fund and interest earned on the fund balance. All SBF fees collected prior to September 1, 2009, would be remitted to the Comptroller of Public Accounts for deposit to the General Revenue Fund; the bill does not address the balance of the SBF, estimated in the Comptroller's Biennial Revenue Estimate, to be \$565,169,000 at the end of FY 2009.

The Comptroller estimates fee revenues deposited into the new trust fund outside of the treasury would be \$135,613,000 in FY 2010, \$149,922,000 in FY 2011, \$151,934,000 in 2012, \$153,974,000 in 2013, and \$156,041,000 in 2014. These are reflected in the table above. The estimated fiscal impact was based on the 2010-11 Biennial Revenue Estimate and was adjusted for the collection of one month's revenue in fiscal 2010 in the account. Based on the analysis of the Comptroller, interest income in the new trust fund outside of the treasury could not be estimated because future spending and balances cannot be predicted.

The Comptroller's estimate for impacts to the SBF are also reflected in the table above and assume a maximum SBF fee of 65 cents per megawatt-hour. Based on this assumption, the loss in revenue to the SBF would be approximately \$150 million in FY 2010, \$172 million in FY 2011, \$179 million in FY 2012, \$188 million in FY 2013, and \$197 million in FY 2014.

The Public Utility Commission estimates that the cost of rulemaking proceedings to implement the amendments to these sections could be absorbed within existing resources and would be funded by the trust fund maintained outside the treasury.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission

LBB Staff: JOB, MW, ES, SD, HC