

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 12, 2011**

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

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

**IN RE: HB1302** by Larson (Relating to the establishment of the Texas Energy and Communications Commission to consolidate the functions of the Public Utility Commission of Texas and the Railroad Commission of Texas.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1302, As Introduced: a positive impact of \$608,012 through the biennium ending August 31, 2013.

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>
2012	\$243,212
2013	\$364,800
2014	\$364,800
2015	\$364,800
2016	\$364,800

**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 2011</b>
2012	\$243,212	(3.1)
2013	\$364,800	(4.7)
2014	\$364,800	(4.7)
2015	\$364,800	(4.7)
2016	\$364,800	(4.7)

**Fiscal Analysis**

This bill would merge the Railroad Commission and the Public Utility Commission (PUC) into one agency to be known as the Texas Energy and Communications Commission (TECC) on January 1, 2012. The Railroad Commissioners would become the Commissioners of the new TECC. All powers, duties, rights, and obligations of the TECC as well as its contracts, records, property and employees would also transfer, as appropriations to the Railroad Commission would become appropriations to the TECC. All powers, duties, rights, and obligations of the PUC would be transferred to the TECC, including appropriations to the PUC.

The bill would make various changes in law to conform to the merging of the two agencies. The bill would provide for a transitional period for the merger, and would require that the Railroad

Commission adopt a timetable for phasing in the change in the agency's name so as to minimize any fiscal impact of the name change. The transitional period would be January 1, 2012 until September 1, 2012.

### **Methodology**

This estimate assumes that all costs associated with the merging of the two agencies could be absorbed using existing agency resources. Once the merger is finalized, it is estimated that a savings to the state could be realized because of duplicative indirect administrative services and overhead which could be eliminated upon completion of the merger.

This estimate assumes a savings equal to 15 percent of 2010-11 expenditures by the PUC on indirect administration and support costs as reported in the agency's Legislative Appropriations Requests for 2012-13, along with a 15 percent reduction in FTEs allocated to those activities. The PUC had expenditures in its indirect administration strategies of approximately \$1.9 million per fiscal year out of the General Revenue Fund No. 1 during 2010-11 and 31.2 FTEs in fiscal year 2011. Thus, it is estimated that passage of the bill would result in a savings of \$285,000 per fiscal year out of the General Revenue Fund No. 1 and a reduction of 4.7 FTEs. An estimated \$79,800 per fiscal year in employee benefits that are not appropriated directly to either agency is also anticipated, for a total annual savings of \$364,800.

Savings shown for fiscal year 2012 are based on eight months of savings because the merger would not take place until January 1, 2012, four months into that fiscal year.

### **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 455 Railroad Commission, 473 Public Utility Commission of Texas

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