

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 15, 2011

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

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

IN RE: HB2765 by Gallego (Relating to the update of discounted telecommunication services provided to educational institutions, libraries, hospitals, and health centers.), **Committee Report 1st House, Substituted**

There would be an indeterminate savings to the state under the provisions of this bill because it would continue the prohibition on rate increases for private network services, the provision of discounted rates for private network services, and other benefits currently provided to educational institutions, libraries, hospitals and telemedicine centers under Chapters 58 and 59 of the Utilities Code.

The bill would amend the Utilities Code to continue the prohibition on rate increases for private network services, the provision of discounted rates for private network services, and other benefits currently provided to educational institutions, libraries, hospitals and telemedicine centers under Chapters 58 and 59 of the Utilities Code for another 4 years through January 1, 2016. The bill would also amend the maximum rate for private network services and clarify the definition of "health center" and add nonprofit health centers to the list of entities to which an electing company must provide private network services.

The exact savings due to implementing the provisions of the bill cannot be estimated because the fiscal impact would depend on the actions of telecommunications service providers in setting rates. Since the potential increased costs would vary by entity if the date on which the benefits provided in Chapters 58 and 59 are set to expire were not changed by the bill, there is an indeterminate savings to the state.

Information reported by The University of Texas anticipates cost savings of \$20.3 million dollars annually in 2012-2015 and a savings of \$6.8 million in 2016 from implementation of the bill.

Local Government Impact

It is anticipated that there would be an indeterminate savings to local governmental entities that are currently benefitting from provisions in Chapter 58 and 59. However, the amount of savings due to implementing the provisions of the bill cannot be estimated because the fiscal impact would depend on the actions of telecommunications service providers in setting rates. Since the potential increased costs would vary by entity if the date on which the benefits provided in Chapters 58 and 59 are set to expire were not changed by the bill, there is an indeterminate savings to local entities.

Source Agencies: 473 Public Utility Commission of Texas, 720 The University of Texas System Administration

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