

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 27, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB314 by Dale (Relating to the abolition of the Alternative Fuels Research and Education Division program administered by the Railroad Commission of Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB314, As Introduced: a positive impact of \$4,719,000 through the biennium ending August 31, 2015.

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
2014	\$4,719,000
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Alter Fuels Research Acct</i> 101	Probable Savings/(Cost) from <i>Alter Fuels Research Acct</i> 101
2014	\$4,719,000	(\$6,764,000)	\$1,011,042
2015	\$0	(\$2,045,000)	\$1,011,042
2016	\$0	(\$2,045,000)	\$1,011,042
2017	\$0	(\$2,045,000)	\$1,011,042
2018	\$0	(\$2,045,000)	\$1,011,042

Fiscal Year	Change in Number of State Employees from FY 2013
2014	(4.0)
2015	(4.0)
2016	(4.0)
2017	(4.0)
2018	(4.0)

Fiscal Analysis

The bill would repeal statutes authorizing the Alternative Fuels Research and Education (AFRED) program at the Railroad Commission. The bill also would abolish the General Revenue-Dedicated AFRED Account No. 101, and the fund balance would be transferred to the General Revenue Fund.

The bill provides for the Act to take immediate effect if it receives a two-thirds in both houses. Otherwise, it would take effect on September 1, 2013.

Methodology

This analysis assumes that the bill would take effect on September 1, 2013. There would be a one-time gain to the General Revenue Fund upon abolishment of the AFRED Account No. 101 of \$4.7 million and a corresponding loss to the AFRED Account No. 101, as estimated by the Comptroller based on the Biennial Revenue Estimate (BRE) for 2014-15. Beginning in fiscal year 2014, the state would realize an annual loss in revenue to the AFRED Account No. 101 of \$2.0 million per year. This loss would be partially offset by a savings to the AFRED Account No. 101 of \$1.0 million per year, or the annual cost of the program, including appropriations and benefits. Elimination of the AFRED program would also result in a reduction of 4.0 FTEs at the Railroad Commission.

Although the Railroad Commission reports that the elimination of the AFRED program would result in the agency needing additional General Revenue to cover administrative overhead that the AFRED program currently covers, this analysis assumes that the agency would instead reduce its overall administrative overhead budget to reflect the loss of the AFRED program.

Local Government Impact

Passage of the bill would eliminate AFRED grant funding totaling \$0.5 million per year, which local governments are eligible to apply for to defray costs for the purchase of low-emissions propane school buses and other propane vehicles.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: UP, SZ, ZS, TL