LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 10, 2013

TO: Honorable Jim Pitts, Chair, House Committee On Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB775** by Guillen (Relating to using the system benefit fund for the support of certain programs for low-income electric customers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB775, As Introduced: an impact of $0 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	$0
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *System Benefit Account* 5100	Change in Number of State Employees from FY 2013
2014	($5,000,000)	7.0
2015	($5,000,000)	7.0
2016	($217,719)	3.0
2017	($222,219)	3.0
2018	($217,719)	3.0

Fiscal Analysis

The bill would amend Section 39.903 of the Utilities Code, regarding electric utilities and the system benefit fund. The bill would remove provisions setting priorities for the use of money appropriated from the General Revenue-Dedicated System Benefit Fund Account No. 5100, and direct the Public Utility Commission (PUC) to allocate specific proportions of appropriations from the account to programs listed in that section. Expenditures from the System Benefit Fund (SBF) would remain subject to legislative appropriations. Of appropriated amounts, 75 percent would be allocated for low-income electric utility rate reductions, at least 20 percent would be allocated for targeted energy efficiency programs at the Texas Department of Housing and Community Affairs (TDHCA) and not more than 5 percent allocated for one-time bill pay assistance for seriously ill or disabled persons threatened with disconnection for nonpayment.

The bill would also expand the list of programs for low-income electric customers administered by the TDHCA and funded by appropriations from the SBF. The bill would amend Chapter 2306 of the Government Code to direct TDHCA to create program(s) for credit-enhanced loans to benefit low-income electric customers. The new program(s) would be funded by appropriations from the SBF.

Methodology

The bill would implement recommendations in the report "Expand the Use of the System Benefit Fund To Support Energy-Related Projects" in the Legislative Budget Board's Government Effectiveness and Efficiency Report, submitted to the Eighty-third Texas Legislature, 2013.

Allocating 20 percent of SBF appropriations to TDHCA for targeted energy efficiency programs as directed by Section 1 would result in a decrease of appropriations to the PUC and an increase in appropriations of a like amount to TDHCA. No net fiscal impact is anticipated as a result of this transfer.

Costs shown to the General Revenue-Dedicated System Benefit Fund Account No. 5100 include an assumption of $10,000,000 during the 2014-15 biennium from the balance of the account to capitalize the credit-enhanced loan program(s) described in Section 2 of the bill. In regards to the creation and implementation of one or more credit-enhanced loan programs, TDHCA assumed the establishment of a reduced interest loan program to low income homeowners, due upon the sale of the home to pay for energy efficiency improvements. This amount includes the administrative costs assumed by TDHCA during the 2014-15 biennium, which are described below.

According to TDHCA, the agency would require 7 new FTEs for fiscal years 2014 and 2015 to implement the provisions of the bill. This includes 1.0 FTE Auditor III, 3.0 FTE Inspector VI, 0.5 FTE Loan Specialist I, 0.5 FTE Accountant II and 2.0 FTE Program Specialist III. These costs total $361,320 per year in salary and $107,457 per year in associated benefit costs in the 2014-15 biennium. Costs related to travel, rent, and equipment purchases are estimated at $48,408 in fiscal year 2014 and $37,908 in fiscal year 2015. This estimate assumes these costs would be paid out of SBF appropriations. For fiscal years 2016 and annually thereafter, implementation of the bill would require 3 on-going FTEs requiring a total of $149,076 per year in salary and $44,335 per year in associated benefit costs. Costs related to travel, rent and equipment purchases are estimated at $24,308 in fiscal year 2016, $28,808 in fiscal year 2017 and $24,308 in fiscal year 2018.

Technology

Included in administrative costs shown above, TDHCA anticipates technology costs of $10,500 in fiscal year 2014 and $4,500 in fiscal year 2017.

Local Government Impact

The local fiscal implications of the bill cannot be determined at this time. Under current provisions of the bill, Section 39.905(f) of the Utilities Code would allow for local utilities to opt out of their current statutorily mandated low-income energy efficiency program requirements. It is unknown if utilities would continue or choose to discontinue providing this service. It is assumed that opting out of this requirement would allow utilities to re-prioritize the allocation of previously encumbered ratepayer funds.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission

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