

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 21, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3822 by Carter (Relating to a prohibition on the use of an interlocal agreement to purchase energy or energy-related services.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code, Chapter 791 to restrict the use of interlocal agreements by government entities to purchase electricity or electricity-related services. The change in law made by the bill applies only to interlocal agreements entered into on or after the effective date of the bill. The bill would take effect September 1, 2013.

The Texas Facilities Commission, the Texas Education Agency, and the Texas Department of Criminal Justice do not anticipate a fiscal impact to the state. The Public Utility Commission anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

The Texas Municipal League reported that a city that buys electricity under a cooperative purchasing agreement through an interlocal agreement may see a negative fiscal impact.

Based on the analysis of TEA, there would be administrative costs for school districts in current interlocal agreements to prepare and evaluate requests for proposals (RFPs) for electricity or electricity-related services. There could be additional costs to consult with a professional to prepare and evaluate RFPs. Administrative costs to the district could range from \$5,000 to \$15,000 depending on the enrollment size of the district.

TEA estimates that the increase in energy costs for school districts unable to leverage energy aggregation agreements through cooperative arrangements would be in the range of 2 to 3 percent per year.

Source Agencies: 303 Facilities Commission, 473 Public Utility Commission of Texas, 696 Department of Criminal Justice, 701 Central Education Agency

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