

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 14, 2019

TO: Honorable Dade Phelan, Chair, House Committee on State Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2423 by Anderson, Charles "Doc" (relating to the creation of the broadband office within the Public Utility Commission of Texas and the establishment of a broadband service investment grant program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2423, Committee Report 1st House, Substituted: a negative impact of (\$1,178,900) through the biennium ending August 31, 2021.

The cost impact of the Broadband Investment Account cannot be determined because it would depend on the level of appropriations, gifts, grants, donations and interest earned.

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
2020	(\$505,243)
2021	(\$673,657)
2022	(\$673,657)
2023	(\$673,657)
2024	(\$673,657)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2019
2020	(\$505,243)	5.0
2021	(\$673,657)	5.0
2022	(\$673,657)	5.0
2023	(\$673,657)	5.0
2024	(\$673,657)	5.0

The bill would create the broadband office (office) within the Public Utility Commission (PUC) and authorize the PUC to employ additional employees necessary to discharge the duties of the office as set forth in the bill. The bill would establish a grant program to fund broadband investment projects that stimulate the installation and maintenance of broadband in rural and other underserved areas of the state. The PUC, by rule, would be required to implement and administer the program. The bill would establish the broadband investment account as an account in the General Revenue Fund. The account would consist of money appropriated by the legislature, gifts, grants, donations, and interest earned on the account. Money in the account would only be available for appropriation for purposes of the grant program.

The bill would take effect September 1, 2019.

Fiscal Analysis

The PUC estimates the agency would need 5.0 additional FTEs to implement the provisions of the bill, due to the technical nature of the requirements. The agency does not currently have staff with expertise in deployment of broadband technologies, broadband investment strategies, or broadband grants management. The agency indicates it would require senior level staff in each respective job classification.

Methodology

PUC would require 1.0 Director III (\$115,000), 2.0 Engineer VI (\$190,000 each), 1.0 Investment Analyst IV (\$95,000) and 1.0 Grant Coordinator IV (\$90,000). The total salaries would be \$490,000, the total travel and periodic training would be \$12,500, and total group insurance and retirement benefits would be \$171,157 per year. It is assumed that the total cost would be reduced by 25% in the first year due to time required to hire these new positions.

Local Government Impact

According to the Texas Association of Counties and the Texas Municipal League, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 304 Comptroller of Public Accounts

LBB Staff: WP, CMa, SGr, MB, AF