

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 31, 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: HB3535** by Phelan (Relating to the payment of certain fees to municipalities by entities that provide telecommunications and cable or video services.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Local Government Code regulating the fees that municipalities may charge telecommunications providers for use of the city's right-of-way. If a provider provides telephone and cable over the same line, under current law that provider must pay twice for the same line in a single right-of-way because the fees are duplicated in separate codes. The bill would require the provider to pay the city the larger of the two fees, but not both.

The bill is not anticipated to have a fiscal impact on the State.

**Local Government Impact**

The bill would have a negative fiscal impact on municipalities due to a loss of revenue from telecommunications providers. Cities estimating losses include: Houston (\$17.1 million - \$27.5 million); Dallas (\$9.2 million); San Antonio (\$7.9 million); Austin (\$6.3 million); Arlington (\$2.8 million); Sugar Land (\$1.2 million); Plano (\$734,017); Denton (\$669,548); Waco (\$373,194); and City of the Colony (\$235,000).

**Source Agencies:**

**LBB Staff:** WP, CMa, SD, GP, CLo