

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION
Revision 1

March 23, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB425 by King, Ken (Relating to the use of the universal service fund for the provision of broadband service in underserved rural areas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB425, As Introduced : a negative impact of (\$214,432) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would provide the Public Utility Commission jurisdiction over broadband service providers for the limited purposes set forth in this bill. The bill would expand the authorized uses of the Texas Universal Service Fund (TUSF) to include financing the rural broadband service program established by the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$107,216)
2023	(\$107,216)
2024	(\$107,216)
2025	(\$107,216)
2026	(\$107,216)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$107,216)	1.0
2023	(\$107,216)	1.0
2024	(\$107,216)	1.0
2025	(\$107,216)	1.0
2026	(\$107,216)	1.0

Fiscal Analysis

The bill would amend Section 56.003 of the Utilities Code to give the Public Utility Commission jurisdiction relating to broadband service providers only as necessary to enforce this chapter and rules adopted under this chapter. Section 56.021 would be amended to provide support for the rural broadband service program. Section

56.022 would be amended to allow the commission to establish separate uniform charges for telecommunication providers and broadband service providers. Section 56.0235 would be amended to direct the Public Utility Commission to adopt eligibility criteria for participating broadband service providers to determine distributions from the fund to broadband service providers. Section 56.351 would be amended to direct the commission to provide from the universal service fund support for broadband service providers to be able to offer underserved rural areas of this state at rates comparable to the benchmark rates established by the Federal Communications Commission.

Methodology

The PUC anticipates that implementing the provisions of the bill would require 2 additional FTEs, but the associated costs would not be incurred until after 2026 and costs prior to 2026 could be absorbed within existing resources. The PUC anticipates it would need to hire an Engineer VI, at \$100,000, to aid in the establishment of standards for networks built or maintained using TUSF support, and a Financial Analyst IV, at \$85,000, to oversee the financial aspects of the program. The PUC estimates training costs for these employees to be \$2,000 each year in total. Therefore, the total personnel cost associated with implementing the provisions of this bill, including benefits of 32.52%, would be \$247,163. These costs are assumed to be funded by the TUSF. PUC stated that the revenue anticipated as a result of the bill for the TUSF cannot be estimated at this time.

The Office of Public Utility Counsel anticipates that in order to ensure they can adequately represent residential and small commercial broadband consumers, they would need to hire 1 full-time equivalent (Program Specialist). This FTE would have a total cost of \$107,216 per fiscal year to the General Revenue Fund.

Technology

No technological impact is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: JMc, SMAT, MB, RRE, CMA