

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 28, 2021

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1533 by Reynolds (Relating to the creation of an energy efficiency loan guarantee program under the Texas emissions reduction plan.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1533, As Introduced : a negative impact of (\$1,209,382) 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.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | <i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i> |
|--------------------|---|
| 2022 | (\$604,691) |
| 2023 | (\$604,691) |
| 2024 | (\$604,691) |
| 2025 | (\$604,691) |
| 2026 | (\$604,691) |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | <i>Probable Savings/(Cost) from General Revenue Fund</i> | <i>Change in Number of State Employees from FY 2021</i> |
|--------------------|--|---|
| 2022 | (\$604,691) | 1.0 |
| 2023 | (\$604,691) | 1.0 |
| 2024 | (\$604,691) | 1.0 |
| 2025 | (\$604,691) | 1.0 |
| 2026 | (\$604,691) | 1.0 |

Fiscal Analysis

The bill would amend the Health and Safety Code to create the Energy Efficiency Loan Program (EELP) and would direct the Comptroller and the State Energy Conservation Office (SECO) to establish and administer the program to issue or guarantee loans to be used for improvements that increase the energy efficiency of existing residences. The bill would include the EELP in the list of programs eligible to receive a grant from the Texas Emissions Reduction Plan (TERP) and would require that at least \$1 million but less than \$5 million of TERP funds be initially allocated to the EELP.

The bill would take effect September 1, 2021.

Methodology

Based on the analysis of the Comptroller of Public Accounts, administering the EELP would require one Program Specialist IV (\$79,000 with estimated benefits of \$25691 each fiscal year) and \$500,000 each fiscal year to contract with a lending institution to act as loan administrator.

Enactment of House Bill 3745, Eighty-sixth Legislature, 2019 established the Texas Emission Reduction Plan Fund (TERP Fund) as a trust fund held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) effective with the beginning of fiscal year 2022. This fund will consist of revenues from fees, surcharges, and transfers previously deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 (Account No. 5071). This estimate assumes that any funds used by TCEQ to for the EELP to implement the provisions of the bill would be expended from the TERP Fund without cost to the state.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JMc, AJL, MW, GDZ