

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 27, 2023**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB9** by Ashby (Relating to the development and funding of broadband and telecommunications services.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB9, Conference Committee Report : an impact of \$0 through the biennium ending August 31, 2025.

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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable (Cost) from Texas Broadband Infrastructure Fund</b>	<b>Probable Revenue Gain from Next Gen 9-1-1 Svc Fund 195</b>	<b>Probable Revenue Gain from Broadband Pole Replcmt Fnd 188</b>
2024	(\$230,200,000)	\$155,200,000	\$75,000,000
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$0	\$0
2028	\$0	\$0	\$0

**Fiscal Analysis**

The bill would amend Government Code Chapter 403, adding Subchapter T regarding the Texas Broadband Infrastructure Fund (BIF).

The BIF, created by House Joint Resolution 125, would be administered by the Comptroller and would consist of appropriations, transfers, dedicated revenue, investment and interest earnings, gifts, grants, and donations. The Texas Treasury Safekeeping Trust Company would actively manage the BIF, maintaining liquidity to meet the needs and preserve the purchasing power of the fund.

Money in the BIF could only be used for purposes of expanding broadband and telecommunications across the state, per Government Code Chapter 490I, as well as providing funding for 9-1-1 and Next Generation 9-1-1 services, the Pole Replacement Program, matching funds for federal money for the Broadband Equity, Access, and Deployment (BEAD) Program, expanding broadband access in economically distressed communities, and administration and enforcement costs.

The bill would authorize the Comptroller to transfer additional available amounts in the BIF to the Pole Replacement Fund or the Next Generation 9-1-1 Service Fund.

The bill would require the Comptroller to transfer from the BIF one-time amounts of \$155,200,000 to the Next Generation 9-1-1 Service Fund No. 0195, and \$75,000,000 to the Pole Replacement Fund No. 188, before September 15, 2024. Funds previously appropriated to the Pole Replacement Fund by Senate Bill 8, Eighty-seventh Legislature, Third Called Session could not be used after the effective date of the bill.

The provisions of the bill would take effect on January 1, 2024, only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, creating the broadband infrastructure fund to assist in the financing of broadband and telecommunications services projects in the state takes effect.

### **Methodology**

According to provisions in the bill, \$230,200,000 would be transferred out of the BIF during the 2024-25 biennium. This includes one-time transfers of \$155,200,000 to Fund 195, Next Generation 9-1-1 Service Fund No. 195 and \$75,000,000 to the Pole Replacement Fund No. 188.

According to the Commission on State Emergency Communications, of the amounts transferred to the Next Generation 9-1-1 Service Fund, approximately \$22.6 million would be available to support regional planning commissions in the statewide 9-1-1 program.

It is assumed that the transfers from the BIF to the Next Generation 9-1-1 Service and Broadband Pole Replacement funds would take place in fiscal 2024, and that all funds previously appropriated to the Broadband Pole Replacement fund will be expended by the effective date of the bill.

It is assumed that any administrative or technology costs associated with implementing the bill could be absorbed using existing resources.

It is assumed that the fiscal impact is determined by the required transfers outlined in the bill, and that no other amounts would be appropriated to the BIF. Because future appropriations, transfers, and revenues associated with the BIF, as well as any gifts, grants, or donations are unknown, the total fiscal impact as a result of administering the BIF cannot be determined.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Local Government Impact**

According to the Commission on State Emergency Communications, out of amounts transferred to the Next Generation 9-1-1 Service Fund, about \$132.6 million would be distributed to local emergency communications districts (ECDs). No other local impact is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 477 Commission on State Emergency Communications, 701 Texas Education Agency

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