

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION
Revision 1

March 29, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB9 by Ashby (Relating to the development and funding of broadband and telecommunications services; making an appropriation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB9, As Introduced : a negative impact of (\$436,285,000) through the biennium ending August 31, 2025.

In addition, the bill would result in a negative impact to General Revenue Related Funds of (\$4,833,474,000) in the biennium ending August 31, 2027.

Appropriations:

<i>Fiscal Year</i>	Appropriation out of Economic Stabilization Fund 599
2024	\$5,000,000,000
2025	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	\$0
2025	(\$436,285,000)
2026	(\$3,976,584,000)
2027	(\$856,890,000)
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from Broadband Infrastructure Fund	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Economic Stabilization Fund 599	Probable Revenue Gain/(Loss) from Comm State Emer Comm Acct 5007
2024	\$5,000,000,000	\$0	(\$5,101,018,000)	(\$13,015,000)
2025	\$0	(\$436,285,000)	(\$189,059,000)	(\$22,624,000)
2026	\$0	(\$3,976,584,000)	\$431,161,000	(\$22,941,000)
2027	\$0	(\$856,890,000)	\$3,875,191,000	(\$23,262,000)
2028	\$0	\$0	\$692,487,000	(\$23,588,000)

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from 911 Service Fees 5050</i>
2024	(\$16,070,000)
2025	(\$27,549,000)
2026	(\$27,549,000)
2027	(\$27,549,000)
2028	(\$27,549,000)

Fiscal Analysis

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

The bill would create the BIF in the treasury outside of General Revenue. The fund would be administered by the Comptroller's office and would consist of legislative appropriations, fees or other sources of dedicated revenue, interest earned or deposited, and gifts, grants, and donations. Money in the fund could be used only for purposes of creating and updating the state broadband map and state broadband plan; administering the broadband development grant program; engaging in outreach regarding broadband; fully funding the universal service fund; funding 9-1-1 and next generation 9-1-1 services; depositing money to the credit of the broadband pole replacement fund; providing matching funds for the federal Broadband Equity, Access, and Deployment program; supporting the federal Schools and Libraries program or similar programs; improving safety telecommunication connectivity; and administering the subchapter.

The bill would suspend the imposition of fees and surcharges under Health and Safety Code Sections 771.071 (9-1-1 emergency service fee), 771.0711 (wireless 9-1-1 emergency service fee), 771.0712 (prepaid wireless 9-1-1 emergency service fee), and 771.072 (equalization surcharge) while funding for 9-1-1 and next generation 9-1-1 services would be provided for under the provisions of this bill.

The bill would eliminate the uniform charge for the Texas Universal Service Fund.

The bill would direct the comptroller to deposit \$5 billion from the Economic Stabilization Fund to the Broadband Infrastructure Fund within 30 days after the bill takes effect.

Methodology

The fiscal impacts in the table below are based on the 2024-25 Biennial Revenue Estimate (BRE) and the fiscal implications of SB 30, as engrossed. (Supplemental appropriations as provided by SB 30 will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.)

The \$5 billion appropriation from the ESF for deposit to the BIF would decrease the ESF balance and result in a larger severance tax transfer to the ESF in fiscal 2026 and fiscal 2027 than assumed in the BRE, as adjusted for the effects of SB 30 on the ESF balance. General Revenue Fund implications in fiscal years 2025 and 2026 shown represent the increase in reserves for severance taxes transferred to the ESF as a result of a decrease in the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund in fiscal 2026 -27, and consequent changes to ESF interest and investment earnings.

The revenue loss to GR Account 5007 – Commission on State Emergency Communications and GR Account 5050 – 9-1-1 Service Fees is based on estimates in the (BRE) and adjusted for fiscal 2024 based on the effective date of the bill.

In addition to the \$5 billion transfer to the BIF, there would be a revenue gain to the fund from earned interest on the fund balance. As the timing of expenditures from the fund is unknown, the amount of interest revenue

cannot be estimated.

The uniform charge for the Texas Universal Service Fund is deposited to a fund held outside the state treasury; therefore, the repeal of the uniform charge would have no state revenue implications.

Note: 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

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

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

LBB Staff: JMc, SMAT, LCO, CSmi, SD