

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 25, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3078 by Hernandez (Relating to a program to provide assistance for certain retail electric customers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3078, As Introduced : a negative impact of (\$8,000,000) through the biennium ending August 31, 2025.

As the amount that would be appropriated for reimbursements to utilities for the Low-income Electric Discount Program by the 88th Legislature is unknown, this portion of the bill's costs cannot be determined.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$4,000,000)
2025	(\$4,000,000)
2026	(\$4,000,000)
2027	(\$4,000,000)
2028	(\$4,000,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from New General Revenue Dedicated Income-Based Assistance Fund</i>	<i>Probable Savings/(Cost) from New General Revenue Dedicated Income-Based Assistance Fund</i>
2024	(\$4,000,000)	\$4,000,000	(\$4,000,000)
2025	(\$4,000,000)	\$4,000,000	(\$4,000,000)
2026	(\$4,000,000)	\$4,000,000	(\$4,000,000)
2027	(\$4,000,000)	\$4,000,000	(\$4,000,000)
2028	(\$4,000,000)	\$4,000,000	(\$4,000,000)

Fiscal Analysis

The bill would amend the Utilities Code to create the Low-income Electric Discount Program and establish rules for administration of the program. Additionally, the bill would establish the Income-Based Assistance fund as a General Revenue-Dedicated fund consisting of money appropriated, credited, or transferred to the fund by the legislature, gifts or grants contributed to the fund, and interest earned on deposits and investments of the fund. The bill would provide for a low-income electric discount program that would provide for reduced rates on residential electric bills, one-time bill payment assistance, customer education, support for low-

income electric customers to access targeted energy efficiency programs and reimbursement to the Public Utilities Commission (PUC) and the Health and Human Services Commission (HHSC) for expenses incurred in for program administration and implementation. The bill would take effect on September 1, 2023.

Methodology

According to the PUC, the agency would need one additional full-time-equivalent position to oversee the new program and monitor the administrator contract. This estimate assumes these costs could be absorbed with available resources. Additionally, the Commission would require \$4 million per year for a Low Income Discount Administrator contract to reestablish the previous process used for a similar program under the System Benefit Fund. This vendor would manage the application process, conduct income verification, data match with the Health and Human Service Commission and the utility companies, determine the amount of each customer's discount, manage the call center for customer and utility questions/issues, resolve issues for customers and calculate the amount due to each utility.

This estimate assumes these costs would be met through appropriations transfers of General Revenue to the new General Revenue–Dedicated Income Based Assistance account established by this bill resulting in both revenue gains and costs of the same amount for each fiscal year to the new account.

As the amount that would be appropriated for reimbursements to utilities for the Low-income Electric Discount Program by the 88th Legislature is unknown, this portion of the fiscal impact of the bill cannot be determined. However, for illustrative purposes the Commission previously had a low-income discount program in the past under the System Benefit Fund that served approximately 500,000 customers per month. The discount program was structured differently from what this bill proposes, but for reference, the cost of the discount program averaged \$50 to \$75 million per month.

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: 332 Department of Housing and Community Affairs, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission

LBB Staff: JMc, SMAT, GDZ, JBel