

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 8, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB1359** by Hernandez (relating to a program to provide assistance for certain retail electric customers.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1359, Committee Report 1st House, Substituted: a negative impact of (\$8,465,922) through the biennium ending August 31, 2027.

As the amount of funding which the Legislature would appropriate to provide assistance for certain retail electric customers is unknown, the fiscal impact to the state for this component of the bill cannot be determined.

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>
2026	(\$4,232,961)
2027	(\$4,232,961)
2028	(\$4,232,961)
2029	(\$4,232,961)
2030	(\$4,232,961)

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>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$4,232,961)	\$4,232,961	(\$4,232,961)	2.0
2027	(\$4,232,961)	\$4,232,961	(\$4,232,961)	2.0
2028	(\$4,232,961)	\$4,232,961	(\$4,232,961)	2.0
2029	(\$4,232,961)	\$4,232,961	(\$4,232,961)	2.0
2030	(\$4,232,961)	\$4,232,961	(\$4,232,961)	2.0

Fiscal Analysis

The bill would amend the Utilities Code to establish the Income-Based Assistance Fund as a General-Revenue Dedicated Account within the General Revenue Fund to assist low-income residential electric customers with electric bill payment assistance during an extreme weather emergency and for one-time payment assistance.

The bill would allow the Public Utility Commission of Texas (PUC) to assist low-income residential electric customers with electric bill payment and one-time payment assistance to retail electric providers in the ERCOT region, municipally owned utilities, electric cooperatives, and investor-owned utilities outside of ERCOT. The fund would consist of money transferred by law; investment and interest earnings; and gifts, grants, and donations.

The bill would require PUC to adopt rules to assist low-income electric customers that includes a bill payment assistance program for low-income electric customers for bills due during an extreme weather emergency.

The bill would require PUC to establish eligibility criteria by rule for the bill payment assistance program for eligible individuals who are identified by the Health and Human Services Commission (HHSC) as a low-income customer. The bill would require the agency to establish rules and prescribe methods of enrolling customers eligible for the program through an automatic identification process for those residing in a county affected by an extreme weather emergency during the billing period for which the assistance is sought.

The bill would take effect September 1, 2025.

Methodology

Under the bill's provisions, funds within the new General Revenue-Dedicated Income-based Assistance Fund can be used to cover administrative expenses to both the PUC and the Health and Human Services Commission associated with the bill's implementation. This estimate assumes the fund would be capitalized with General Revenue Funds appropriated to the new account each year as a credit to cover the costs of administering the bill's provisions.

Based on the analysis of the PUC, this estimate assumes the agency would need 2.0 additional FTEs to implement the provisions of the bill. A Program Specialist VII (\$99,000 per year with estimated benefits of \$28,135) would be needed to administer the new program created by the bill and an Information Specialist III-IV (\$75,000 per year with estimated benefits of \$21,315) would be needed to conduct outreach to utilities outside the ERCOT region. Other associated costs include \$4,110 per year for payroll contributions, travel and other operating expenses. In addition, based on the analysis of the PUC, this estimate assumes the agency would need an additional \$4,000,000 per year for contracting costs with the Health and Human Services Commission to use low-income data collected from the agency, assuming the program will be adding to the existing contract.

As the amount of funding which the Legislature would appropriate to assist low-income residential electric customers with electric bill payment assistance during an extreme weather emergency and for one-time payment assistance is unknown, the fiscal impact to the state for this component of the bill cannot be determined.

Note: This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

Technology

PUC anticipates information technology expenditures of \$5,400 per year.

Local Government Impact

There could be an impact on municipally owned utilities and electric cooperatives that have adopted customer choice related to collecting the fee that would finance the income-based assistance fund and administering the retail electric service discount program for low-income electric customers as would be established by the bill.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission

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