

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 18, 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; authorizing a fee.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1359, As Introduced: a negative impact of (\$4,132,071) through the biennium ending August 31, 2027.

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	(\$4,132,071)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

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 Trust Fund Outside the Treasury</i>	<i>Probable Savings/(Cost) from New Trust Fund Outside the Treasury</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$4,132,071)	\$0	\$0	1.0
2027	\$0	\$4,132,071	(\$4,132,071)	1.0
2028	\$0	\$4,000,000	(\$4,132,071)	1.0
2029	\$0	\$4,000,000	(\$4,132,071)	1.0
2030	\$0	\$4,000,000	(\$4,132,071)	1.0

Fiscal Analysis

This bill would amend the Utilities Code to establish the Income-Based Assistance Fund and related funding mechanisms to assist low-income residential electric customers with electric bill discounts and 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 discounts and one-time payment assistance retail electric providers in the ERCOT region and electric cooperatives and municipally owned utilities that opted into competition within the ERCOT

region through the Income-Based Assistance Fund. The fund would consist of money transferred by law; dedicated revenue; investment and interest earnings; and gifts, grants, and donations.

This bill would establish the Income-based Assistance Fund as a trust fund outside the state treasury to be held by the Comptroller and administered without further appropriation by PUC as trustee on behalf of persons eligible to receive monetary assistance from the fund or support from programs paid for using money in the fund.

The bill would establish a fee to finance the fund with a nonbypassable fee collected by each retail electric provider and each municipally owned utility and electric cooperative that has adopted customer choice. The PUC would set the amount of the fee, which may not exceed \$0.65 per megawatt hour. The commission would set the fee biennially in a reasonable amount necessary to produce sufficient revenue to cover the estimated cost of administering this section during the period for which the fee is in effect.

The bill would require PUC to adopt rules to assist low-income electric customers in areas where customer choice is available. Areas served by municipally owned utilities or electric cooperatives that have not adopted customer choice are not eligible.

The bill would require PUC to establish eligibility criteria by rule for the discount program for individuals who are identified by the Health and Human Services Commission (HHSC) as eligible as a low-income customer. The bill would require the agency to establish rules and prescribe methods of enrolling customers eligible to receive a discount with an automatic identification process as described in section 17.007

The bill would take effect September 1, 2025.

Methodology

Under the provisions of the bill, any revenue from the nonbypassable fee would be deposited to a trust fund outside the state treasury, and the rate of the fee would be set by the PUC.

Based on the analysis of the PUC, this estimate assumes the agency would need an additional Program Specialist VII (\$99,000 per year with estimated benefits of \$28,135) to implement the provisions of the bill. This position would be needed to administer the new program created by the bill. Other associated costs include \$2,235 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 \$4,000,000 per year for continuing 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.

Under the bill's provisions, funds within this new account outside of the treasury could 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 that General Revenue Funds would be necessary to cover personnel and contracted costs identified above for fiscal year 2026 due to there being no beginning balance in the fund to cover these costs. Based on the analysis of the PUC, this estimate assumes that these costs would be covered by fee revenue deposited to the credit of the new fund beginning in fiscal year 2027.

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 \$2,700 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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