

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 29, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5623 by Davis, Yvonne (Relating to the provision of loans and grants from the Texas Energy Fund for certain energy efficiency projects.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5623, As Introduced: a negative impact of (\$4,919,486) through the biennium ending August 31, 2027.

Contingent on the passage of HJR 218, the bill would add an allowable use to the TEF. Increasing disbursements from TEF could reduce the fund balance, which would reduce interest earned in the fund. The amount of money that would be used for the new grant program and the associated reduction of earned interest 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	(\$2,459,743)
2027	(\$2,459,743)
2028	(\$2,459,743)
2029	(\$2,459,743)
2030	(\$2,459,743)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$2,459,743)	3.0
2027	(\$2,459,743)	3.0
2028	(\$2,459,743)	3.0
2029	(\$2,459,743)	3.0
2030	(\$2,459,743)	3.0

Fiscal Analysis

The bill would amend the Utilities Code, Chapter 34 to add the Energy Efficiency Loans and Grants program as an eligible use of the Texas Energy Fund (TEF). This program would provide loans or grants for retail consumer energy efficiency projects that benefit retail electric customers, including residential weatherization, demand reduction, or energy loss prevention projects. The Public Utility Commission of Texas (PUC) may provide a loan or grant to retail consumers or nonprofit corporations.

Methodology

Based on the analysis of the PUC, adding a fifth program to the current four programs within the Texas Energy Fund (TEF) would require additional full time equivalent (FTE) positions due to additional rulemaking that will need to happen, as well as additional applications to process and approve to due diligence, and finally the due diligence process to review all the applications.

This estimate assumes that PUC would require 3.0 additional full time equivalent (FTE) positions to implement the provision of the bill based on the needs of the other four programs. A Project Manager II-IV (\$129,000 per year with estimated benefits of \$36,662) and 2.0 Grant Specialist III-V (\$115,500 per year with estimated benefits of \$32,825) would be required to implement a new program within the TEF. Other associated costs include \$7,439 per year for payroll contributions, travel and other operating expenses.

This estimate assumes PUC would amend its existing contracts in place for the TEF to add the new program at a cost of \$2,000,000 each year. This cost estimate is based on the current contract costs.

Technology

This estimate anticipates a technology impact of \$8,100 in equipment costs each year.

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, WP, GDZ, JBel