

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 20, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1897 by Hughes (Relating to advanced communications infrastructure security; authorizing a fee; providing administrative penalties.), **As Engrossed**

The amount of the annual registration fee that would be set by the PUC and the number of providers that would register each year is unknown. Additionally, the number of violations that would result in an administrative penalty, and the penalty amount that would be set by PUC is unknown. Therefore, the overall fiscal impact to the state cannot be estimated.

The bill would amend the Utilities Code to prohibit the construction and installation of communications equipment subject to the Federal Communications Commission's (FCC) banned list after August 31, 2025. Advanced communications service providers that have self-identified they possess banned equipment installed prior to September 01, 2025, shall disable and remove the equipment as soon as possible. Service providers that have identified installed banned equipment, must register with the Public Utility Commission of Texas (PUC) annually.

The bill would require advanced communications service provider that are a participant in the federal Secure and Trusted Communications Networks Reimbursement Program to register with PUC and submit a report to PUC by January 1st of each year stating all equipment eligible for replacement reimbursement along with geographic location of service area. Providers must also submit a quarterly report on compliance with the replacement reimbursement program.

The bill would require PUC to assess an administrative enforcement penalty in the range of \$5,000 - \$25,000 for each violation and for each day the violation remains. An additional enforcement penalty of \$10,000 - \$20,000 is assessed to a provider that knowingly files a false registration. Non-compliant service providers may not receive state or local funds for development or maintenance of advanced communications infrastructure (this includes disbursement from the Universal Service Fund (USF)).

The bill would require PUC to develop a map showing location and service area of known banned communications equipment currently installed.

Based on the analysis of PUC, an additional 5.0 full-time equivalents (FTEs) positions at a cost of \$596,000 a year would be required to enforce the rules and administrative penalty that is required of the bill and build a secure database to store providers information. PUC anticipates information technology expenditures of \$13,500 each year.

The amount of the annual registration fee would be set by the PUC. That amount, and the number of providers that would register each year is unknown. Additionally, the number of violations that would result in an administrative penalty, and the penalty amount that would be set by PUC is unknown. Therefore, the revenue impact on the state cannot be estimated.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 313 Department of Information Resources, 473 Public Utility Commission of Texas

LBB Staff: JMc, WP, JBel, RStu, GDZ, SD