

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 6, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2489 by Swinford (Relating to creation of the Texas Department of Professional Licensing and the transfer of the regulation of certain professions to that department.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2489, As Introduced: a negative impact of (\$107,955) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$255,134)
2005	\$147,179
2006	\$439,545
2007	\$439,545
2008	\$439,545

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$255,134)	3.0
2005	\$147,179	(9.0)
2006	\$439,545	(9.0)
2007	\$439,545	(9.0)
2008	\$439,545	(9.0)

Fiscal Analysis

This bill would add, amend, and repeal various provisions in the Occupations Code to create the Texas Department of Professional Licensing and transfer the regulation of professions currently regulated by the Texas State Board of Public Accountancy, the Texas Board of Professional Engineers, the Texas Board of Architectural Examiners, and the Texas Board of Professional Land Surveying to the new agency.

The new agency would be governed by a five-member commission meeting at least quarterly and would be entitled to reimbursement for actual and necessary expenses, subject to applicable limitations in the General Appropriations Act. The commission would hire an executive director, who could hire other department personnel.

The bill would empower the commission to set fees for licenses issued, license renewals and late renewals, examinations and any other program or activity administered by the agency for which a fee

was authorized in amounts to cover the costs of administering the programs or activities. The bill would empower the executive director to adopt rules to implement each law establishing a program assigned to the department.

The bill would authorize the executive director and the commission to impose administrative penalties. If the relevant law establishing a program regulated by the new agency did not state the maximum amount of the penalty, the bill would establish the maximum amount as \$5,000 per day for each violation.

The bill would transfer all powers and duties of the Texas State Board of Public Accountancy under Chapter 901 to the newly created agency. The bill would abolish the 15-member governing body and create a five-member Public Accountancy Advisory Council, appointed by the commission. A council member would be entitled to receive \$100 for each day the member conducted council business plus reimbursement for actual and necessary expenses incurred in performing council functions.

The bill would transfer the powers and duties of the Texas Board of Professional Engineers under Chapter 1001 to the newly created agency. The bill would abolish the nine-member governing body and create a five-member Professional Engineer Advisory Council, appointed by the commission. A council member would be entitled to receive a per diem set by the General Appropriations Act for each day that the member engaged in council business and could not receive reimbursement for travel expenses other than transportation expenses as provided by the General Appropriations Act. The council would meet at least twice a year.

The bill would transfer the powers and duties of the Texas Board of Architectural Examiners under Chapters 1051, 1052, and 1053 to the newly created agency. The bill would abolish the nine-member governing body and create three five-member advisory councils, appointed by the commission. The Architect Advisory Council would be entitled to receive a per diem for each day that a member engaged in council business. A council member would be entitled to receive reimbursement for travel expenses, including food, lodging, and transportation expenses. The council would meet at least twice a year. The reimbursement of the members of Landscape Architects Advisory Council and the Interior Designers Advisory Council would be determined either through the General Appropriations Act or the budget execution process.

The bill would transfer the powers and duties of the Texas Board of Professional Land Surveying under Chapter 1071 to the newly created agency. The bill would abolish the ten-member governing body and create a five-member Professional Land Surveying Advisory Council, appointed by the commission. A council member would be entitled to receive a per diem allowance as set by the Legislature for each day that the member engaged in official council duties, including time spent in necessary travel, and to reimbursement for all legitimate expenses incurred in performing the member's duties.

The Department of Information Resources (DIR) would assist the new agency in the development and integration of required technology. The new agency would pay for the costs of implementing the technology required and reimburse DIR for its costs. The new agency would assess a technology infrastructure fee on each license it issued.

This bill would take effect March 1, 2004 with the following exceptions. The Governor would appoint members of the commission as soon as possible after September 1, 2003. As soon as possible after the appointment of the commission members, the commission would appoint an executive director and appoint the members of the advisory councils. Before March 1, 2005, the new agency could not operate any part of a licensing program and could perform only those duties relating to preparation for the transfer.

The bill would transfer the administrative support services, licensing programs, obligations and contracts, property and records, complaints, investigations and contested cases and funds to the new agency March 1, 2005.

The bill would prohibit the new agency from decreasing any fee assessed by itself or an agency abolished by the bill before September 1, 2006. Any revenue received by the new agency above the

amount necessary to administer its functions and programs would be deposited to the credit of the General Revenue Fund 0001. The new agency could not modify existing rules before March 1, 2007.

Methodology

The bill would abolish the four agencies and transfer their powers and duties and funding to the new agency March 1, 2005. Until that time, the bill would create the new agency, allow it to hire an executive director, and allow it to prepare to receive the transferred programs, but it could not operate any licensing programs. Although the bill would authorize the new agency to charge fees, it is assumed that this authority would also take effect March 1, 2005.

Therefore, until the new agency could begin operating licensing programs, it would not have fee revenue to support its activities and would rely on general revenue appropriations. Any cost incurred before March 1, 2005 would result in additional costs to the state. It is assumed the agency would hire an Executive Director and two administrative technicians (at a cost of \$184,934 per year) to prepare for the transfer of programs. It is also assumed the agency would incur costs of about \$70,800 for training new board members and meeting with the five new advisory councils.

The bill also would require the Department of Information Resources (DIR) to assist the agency in integrating technology into its operations. The new agency would be required to reimburse DIR for its costs. Since the bill would require the new agency to assess a technology infrastructure fee on each license it issued and the new agency could not assess fees until March 1, 2005, it is assumed any repayment to DIR would occur after that date.

The Sunset Advisory Commission estimates the bill would eliminate the need for nine positions and \$439,545 in administrative costs per year once the consolidation was completed.

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation, 457 Board of Public Accountancy, 459 Board of Architectural Examiners, 460 Board of Professional Engineers, 464 Board of Professional Land Surveying

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