

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB279 by Jackson (Relating to the continuation and functions of the Texas Department of Licensing and Regulation, including certain functions transferred to the department from the Texas Department of Insurance and the Texas Commission on Environmental Quality and including certain functions transferred from the department to the Department of Public Safety of the State of Texas; providing penalties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB279, As Engrossed: an impact of \$0 through the biennium ending August 31, 2005.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain/(Loss) from <i>DEPT INS</i> <i>OPERATING ACCT</i> 36	Probable Savings/ (Cost) from <i>DEPT INS</i> <i>OPERATING ACCT</i> 36
2004	\$92,759	(\$92,759)	(\$6,597)	\$6,597
2005	\$140,530	(\$140,530)	(\$6,597)	\$6,597
2006	\$134,630	(\$134,630)	(\$6,597)	\$6,597
2007	\$134,630	(\$134,630)	(\$6,597)	\$6,597
2008	\$134,630	(\$134,630)	(\$6,597)	\$6,597

Fiscal Year	Change in Number of State Employees from FY 2003
2004	2.5
2005	3.5
2006	3.5
2007	3.5
2008	3.5

Fiscal Analysis

The bill would continue the Department of Licensing and Regulation (TDLR) for 12 years and contains the Sunset Advisory Commission's recommendations including: reducing the size of the Commission on Licensing and Regulation from six members to five members; giving the Commission on Licensing and Regulation rulemaking authority; abolishing the registration of transportation service providers; transferring certain occupational licensing programs from the Commission of Environmental Quality to TDLR; transferring regulation of companies that provide for-profit legal service contracts from the Department of Insurance (TDI); regulating Elevator Contractors and approving continuing education courses; and requiring TDLR to act as an information resource for consumers on all state licensing agencies.

The bill would take effect September 1, 2003.

Methodology

By decreasing the Commission on Licensing and Regulation from six to five members, the Department of Licensing and Regulation (TDLR) would experience a reduction in travel costs of \$900 per year.

Transferring all rulemaking authority to the Commission on Licensing and Regulation would require the Commission to meet two additional times each year to ensure that rules are adopted in a timely fashion. This would result in an increase in travel expenses of about \$1,800 per year.

Requiring TDLR to create a central toll-free licensing hotline would have an associated start-up cost of one Administrative Technician II FTE (\$29,571 total annual salary and benefits each year) to administer the system. There would be a \$5,900 cost in 2005 for a computer and office equipment, along with a cost of \$1,500 each year starting in 2005, related to the FTE. TDLR would also require \$10,800 each year for expenses related to use of the central toll-free licensing hotline.

The bill would transfer regulation of Backflow Prevention Assembly Testers, Customer Service Inspectors, and Underground Storage Tank Operators programs from the Commission on Environmental Quality (TCEQ) to TDLR. All resources currently allocated to this regulation at TCEQ would transfer to TDLR resulting in no net fiscal impact to the State. Last year, TCEQ dedicated approximately 5 FTE positions to administering these programs and estimates a collection of about \$400,000 in licensing fee revenues for FY 2004.

The bill would abolish registration of transportation service providers at TDLR resulting in a savings of approximately \$8,000 per year in funds used for regulatory activities. However, no net savings would accrue to the state because the licensing fee revenue used to cover the cost of regulation would no longer be collected.

The Department of Insurance (TDI) indicates the transfer would reduce its number of licensees by 1,250. Because the agency contracts with an outside vendor for examination and processing of these licensees with exam fees being paid directly to the vendor, the agency would not see a reduction in full time equivalent positions. However, the agency would see a reduction in the number of criminal background checks it is required to perform. This reduction would save TDI \$6,597 each fiscal year. The agency anticipates a \$271,680 loss to General Revenue Dedicated Fund 36 because of a reduction in fee revenue. It is assumed any revenue loss from fees collected that is not matched by a corresponding savings to TDI would be offset by an increase in the Insurance Maintenance Tax.

The Department of Licensing and Regulation (TDLR) would need 1.5 additional FTEs to administer the program. Of this, 0.75 FTE for an Administrative Technician III (\$25,932 annual salary) would be needed for application processing, and 0.25 FTE for an Administrative Technician III (\$25,932 annual salary) would be needed for customer service. Also, 0.5 Administrative Technician IV (\$29,232 annual salary) would be needed to review financial security requirements during the initial application process and at registration renewal, and to review registrants' business records to ensure compliance. TDLR's total cost associated with these FTEs would be \$63,188 in fiscal year 2004 and \$54,338 in each ensuing fiscal year.

The Department of Licensing and Regulation would be required to register Elevator Contractors and approve continuing education courses, and would require contractors to provide reports on serviced equipment. The agency estimates a population of approximately 45 individuals. It is assumed the agency can re-allocate its current resources in order to absorb any costs associated with the bill.

It is assumed that all transfers of authority and other changes to TDLR operations would commence September 1, 2003.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 116 Sunset Advisory Commission, 405 Department of Public Safety, 454 Department of Insurance, 582 Commission on Environmental Quality

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