

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 31, 2003**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
 Honorable Tom Craddick, Speaker of the House, House of Representatives

**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 Department of Agriculture and including certain functions transferred from the department to the Department of Public Safety of the State of Texas; the financial responsibilities of valet parking services; and the powers and duties of the Department of Information Resources and the licensing authorities of this state regarding on-line license information; providing penalties.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB279, Conference Committee Report: a positive impact of \$24,600 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	\$12,300
2005	\$12,300
2006	\$12,300
2007	\$12,300
2008	\$12,300

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2003
2004	\$186,799	(\$174,499)	4.5
2005	\$225,720	(\$213,420)	5.5
2006	\$219,820	(\$207,520)	5.5
2007	\$219,820	(\$207,520)	5.5
2008	\$219,820	(\$207,520)	5.5

**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; transferring the administration of the weather modification and control grant program from the Department of Agriculture to TDLR; abolishing the registration of transportation service providers; regulating Elevator Contractors and approving continuing education courses; requiring TDLR to register ringside physicians, and add the price charged for sale or lease of broadcasting, television, and motion picture rights to ticket sales for determination of the total gate on which the 3% gross receipts tax is calculated; requiring TDLR to register rent-to-own merchants who offer loss damage waivers; 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 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.

TDLR would need 1.5 additional FTEs to administer the elevator contractor 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 year thereafter.

TDLR 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.

The Department of Agriculture and TDLR would be required to adopt a memorandum of understanding (MOU). The MOU would have to provide for the transfer to TDLR of funds appropriated to TDA, which are currently \$2,483,574 each fiscal year, as well as other money received by TDA, for the administration of the grant program, as well as the transfer of any files, records, equipment, property, and personnel necessary to accomplish the transfer. TDLR does anticipate a onetime cost of \$5,900 in fiscal year 2004 associated with the purchase of new office and computer equipment for the program. It is assumed this cost could be absorbed by the agency within current resources.

The bill would require TDLR to register ringside physicians, and add the price charged for sale or lease of broadcasting, television, and motion picture rights to ticket sales for determination of the total gate on which the 3% gross receipts tax is calculated. TDLR anticipates an increase in collections of \$11,250 each year for the gross receipts tax for boxing events. The agency anticipates an increase of

\$1,050 in fee collections each year for registration of ring side physicians. TDLR could absorb any additional costs associated with these licensees within current resources.

TLDR would be required to register and investigate merchants providing loss damage waivers. It is anticipated this would require an additional 3 FTEs and \$118,411 each year, with costs offset by fees charged to the licensees.

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

**LBB Staff:** JK, JRO, GO, RT, RB