

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1286 by Callegari (Relating to the regulation of service contract providers and administrators.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 1304 of the Occupations Code to include "administrators" in the section addressing service contract providers and would define an "administrator" to be a person, other than the provider of the service contract or an employee of the provider, who is responsible for the third-party administration of a service contract. The bill would also define a "controlling person" to be an individual who possesses direct or indirect control of at least 25 percent of the voting securities of a corporation, has the authority to set policy and direct the management of a business entity, is the president, the secretary, or a director of a corporation or is a general partner of a partnership, and who is a controlling person of a corporation or other business entity.

The bill would require that an applicant who seeks registration or registration renewal must submit an application to the executive director of the Texas Department of Licensing and Regulation (TDLR). The bill would authorize TDLR to refuse to issue or renew a registration if the applicant has violated a rule adopted or order issued by the commission or executive director and makes a false statement in an application. The bill would amend Section 1304.103 by requiring the executive director to develop a tiered schedule of registration and renewal fees, which include administrators. According to TDLR, no significant fiscal implication is estimated because the costs of registering new administrators (estimated to be 50) would be minimal to the agency's workload for this program and could be absorbed within existing resources.

The bill would take effect January 1, 2006.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 454 Department of Insurance

LBB Staff: JOB, JRO, MW, RR