

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 17, 2005**

**TO:** Honorable Rick Hardcastle, Chair, House Committee on Agriculture & Livestock

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

**IN RE: HB2927** by Kolkhorst (Relating to requiring the licensing of resellers of certified seed; imposing a criminal penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2927, As Introduced: a negative impact of (\$556,171) through the biennium ending August 31, 2007.

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
2006	(\$324,481)
2007	(\$231,690)
2008	(\$231,690)
2009	(\$231,690)
2010	(\$231,690)

**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 2005
2006	\$47,040	(\$371,521)	5.1
2007	\$47,040	(\$278,730)	5.1
2008	\$47,040	(\$278,730)	5.1
2009	\$47,040	(\$278,730)	5.1
2010	\$47,040	(\$278,730)	5.1

**Fiscal Analysis**

The bill would require the licensing of resellers of certified seed and impose a penalty for non-compliance. The bill would require the Texas Department of Agriculture (TDA) to license and inspect any reseller of certified seed that wishes to handle certified seed in bulk. The bill would also require TDA to revoke, modify, or suspend the license of a reseller, place on probation a person whose license to resell has been suspended, or reprimand a licensee in enforcing rules governing the handling and selling of certified seed.

## **Methodology**

TDA assumes that there would be 392 retailers (resellers) in the state who would want to be licensed to handle certified seed in bulk. Further the agency assumes that these retailers would be inspected five times annually for a total of 1,960 inspections a year. In order to perform these licensing and inspection duties an estimated 3.3 FTEs (2.5 inspectors, 0.7 program specialist and 0.1 licensing specialist) would be needed. The cost for these FTEs is \$147,657. It is also anticipated that there would be an additional start up costs as well as costs for travel, training etc. TDA also anticipates a cost of \$20,000 to set up a new licensing and inspection program for certified seed resellers. The total cost for the first year of licensing and inspecting under this program would be \$252,128. The cost in the subsequent fiscal years would be \$184,714.

Assuming the 392 retailers (resellers) who would want to be licensed to handle certified seed in bulk, the agency anticipates that each of these retailers would require an annual audit inspection of their records as well as an unannounced inspection at each location to verify that the retailers maintain the genetic purity and identity of the bulk certified seed. In order to perform these enforcement activities an estimated 1.8 FTEs (1.5 inspectors and .3 program specialist) would be needed. The cost for these FTEs is \$81,414. Assuming additional start up costs, as well as costs for travel, training the total cost for the first year of enforcement activities would be \$119,392. The cost in the subsequent fiscal years would be \$94,015.

Based on another seed licensing program (Vegetable Seed License) for projecting an application fee, TDA estimates a fee of \$120 and assuming 392 potential applicants the agency anticipates generating \$47,040 annually.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 551 Department of Agriculture

**LBB Staff:** JOB, WK, ZS, JF