

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: HB472 by Solomons (Relating to the regulation of third-party administrators, including administrators with delegated duties in the workers' compensation system of this state; providing penalties.), **Committee Report 2nd House, As Amended**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to the regulation of third-party administrators in the workers' compensation system. The bill would provide for the commissioner to collect application and reporting fees from administrators.

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be small revenue gains realized from the \$1,000 initial application fee and a \$200 annual reporting fee. TDI estimates that 35 administrators would apply for an initial application in fiscal year 2008 and would pay the reporting fee each subsequent fiscal year. This would result in a revenue gain in the General Revenue - Dedicated Account Fund 36 of \$35,000 in fiscal year 2008 and \$7,000 in subsequent fiscal years. Since General Revenue - Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year.

Based on the analysis of TDI, the State Office of Administrative Hearings, and the Office of Court Administration, duties and responsibilities associated with implementing the provisions of the bill could be accomplished within existing resources.

The bill would take effect on September 1, 2007 with limited exceptions. Persons and service companies would not be required to hold a license under the Insurance Code as amended by the bill until January 1, 2008. Also, those persons who on August 31, 2007 hold a certificate of authority issued under these provisions may continue to operate under that authority until January 1, 2008. No later than January 1, 2008, the Texas Department of Insurance shall issue a provisional license to those persons if they are in compliance with the requirements of the Insurance Code, as they existed before the bill amended the Code. These provisional licenses expire June 1, 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 212 Office of Court Administration, Texas Judicial Council, 360 State Office of Administrative Hearings

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