

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 10, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB1848 by Hancock (Relating to the frequency of certain examinations conducted by the Texas Department of Insurance.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1848, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>DEPT INS OPERATING ACCT</i> 36	Probable (Cost) from <i>DEPT INS OPERATING ACCT</i> 36
2008	\$28,798	(\$28,798)
2009	\$28,798	(\$28,798)
2010	\$28,798	(\$28,798)
2011	\$28,798	(\$28,798)
2012	\$28,798	(\$28,798)

Fiscal Analysis

The bill would amend the Insurance Code to require the Texas Department of Insurance (TDI) to conduct certain examinations no less frequently than once every five years. The bill would require networks to pay a fee to TDI to cover the expenses related to conducting an examination in an amount set by the commissioner.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of TDI, it is assumed the bill would result in 12 examinations each fiscal year at a cost of \$2,399.81 each.

It is assumed fees collected under the bill would be deposited to General Revenue Dedicated Account Fund 36. 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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, JRO, MW, SK