

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB2667 by Latham (Relating to certain insurance-related matters involving rural volunteer firefighters, volunteer police force members, or emergency services districts.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2667, As Passed 2nd House: a negative impact of (\$10,300,000) 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.

Regarding the proposed addition of Subchapter H to Chapter 614 of the Government Code, state agencies may incur additional costs for private insurance premiums for peace officers in the event a conforming policy or special endorsement were developed in the market. The impact would vary, depending on the number of volunteer peace officers who would be eligible for coverage, the level of coverage provided, and the costs of premiums and how much of those costs would be paid by the state or passed on to the insured; therefore, costs cannot be estimated.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$5,150,000)
2009	(\$5,150,000)
2010	(\$5,150,000)
2011	(\$5,150,000)
2012	(\$5,150,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$5,150,000)
2009	(\$5,150,000)
2010	(\$5,150,000)
2011	(\$5,150,000)
2012	(\$5,150,000)

Fiscal Analysis

The bill would add Subchapter P to Chapter 487 of the Government Code to create a rural physician and dentist loan repayment program administered by the Office of Rural and Community Affairs.

Under provisions of the bill, a person who applies for the loan repayment must practice medicine or dentistry for at least three years in a rural medically or dentally underserved area.

The bill would amend Chapter 614 of the Government Code to authorize the director of the Texas Forest Service to adopt rules to assist rural volunteer fire departments in the payment of audit costs for workers' compensation claims in any year in which there is an abnormally high number of wildfires. It is anticipated that the Texas Forest Service could implement provisions of the bill utilizing existing resources.

The bill would add Subchapter H to Chapter 614, Government Code, to require the applicable state agency or political subdivision to provide insurance coverage for volunteer police members. The coverage could be provided by the applicable state agency or political subdivision or through an interlocal agreement with another political subdivision providing for self-insurance. The addition of Subchapter H would apply only to a volunteer police force member performing assigned duties on or after January 1, 2008.

The bill would amend the Health and Safety Code to specify that competitive bidding is not required for the purchase by an emergency services district of insurance coverage or repairs funded by a payment made under an insurance claim.

Methodology

Regarding Subchapter P, the Office of Rural Community Affairs estimates that approximately 50 awards (medical and dental combined) would be given out per year with an average cost of \$100,000 per award. The agency has indicated it would need \$150,000 per year to administer the program.

Regarding Subchapter H, according to the State Office of Risk Management (SORM), volunteers under the direction of an officer or employee of the state are currently covered for workers' compensation medical benefits under Section 501.026, Texas Labor Code, in the event of an injury sustained when a declaration of disaster has been issued pursuant to Chapter 418, Government Code. The bill would not expand the authority of SORM or the scope of the state employee workers' compensation insurance program coverage administered by SORM pursuant to Chapters 412 and 501, Texas Labor Code. Therefore, SORM indicates that agencies or political subdivisions may be required to obtain separate insurance specified by the bill. SORM is unable to identify a separate insurance model for coverage of an unknown or non-declared population currently in existence.

Local Government Impact

The fiscal impact to local governments for implementing Subchapter H would vary depending on whether the entity is or is not self-insured, the number of volunteer police members who would be eligible for coverage, the level of coverage provided, and the costs of premiums and how much of those costs would be paid by the local governmental entity or passed on to the insured.

It is anticipated that the other provisions of the bill that would affect local government entities would not have a significant fiscal impact.

Source Agencies: 357 Office of Rural Community Affairs, 781 Higher Education Coordinating Board

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