

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB1971 by Hamilton (Relating to regulation of fire protection sprinkler technicians.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1971, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>Dept Ins Operating Acct 36</i>	Probable Revenue (Loss) from <i>Dept Ins Operating Acct 36</i>	Probable Revenue Gain from <i>Insurance Maint Tax Fees 8042</i>	Probable (Cost) from <i>Insurance Maint Tax Fees 8042</i>
2010	\$180,000	(\$180,000)	\$359,715	(\$359,715)
2011	\$7,200	(\$7,200)	\$270,311	(\$270,311)
2012	\$187,200	(\$187,200)	\$270,311	(\$270,311)
2013	\$14,400	(\$14,400)	\$270,311	(\$270,311)
2014	\$194,400	(\$194,400)	\$270,311	(\$270,311)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	6.0
2011	5.0
2012	5.0
2013	5.0
2014	5.0

Fiscal Analysis

The bill would amend the Insurance Code to create a new fire sprinkler licensing program at the State Fire Marshal's Office (SFMO) at the Texas Department of Insurance (TDI). The bill would create a new license for Fire Protection Sprinkler Technicians (FPST) which would be valid for two years. The bill would require TDI to create an examination program for the new applicants, establish a continuing education program, and a certification program for the training organizations for FPSTs. The bill authorizes TDI to collect a licensing fee from new and renewal applicants, to be deposited in the General Revenue Dedicated Texas Department of Insurance Operating Account 36. Additionally, the bill requires TDI to adopt rules to implement the new licensing program.

The bill would take effect September 1, 2009.

Methodology

Based on analysis provided by TDI, it is anticipated that a total of 6 FTEs in fiscal year 2010 and 5 FTEs in fiscal year 2011 are required to implement the new licensing program. The additional FTE in 2010 is necessary for the initial high level of applicants. Out of the total amounts indicated, 1 FTE each year is required to perform complaint investigations, which would require travel and the purchase of a new vehicle.

In fiscal year 2010, the 6 FTEs would cost \$212,173 for salaries and wages with associated benefit costs of \$60,618, travel costs of \$2,750, and telephone and other operating expenses of \$35,926. Additionally, one-time expenditures for equipment and the purchase of a vehicle are anticipated to be \$48,248 in fiscal year 2010. In fiscal year 2011, the 5 FTEs would cost \$181,096 for salaries and wages with associated benefit costs of \$51,739, travel costs of \$2,750, and telephone and other operating expenses of \$34,726. Since insurance maintenance tax is self-leveling, this analysis assumes that the costs to implement this bill would come from fund balances or the maintenance tax would be set to recover a higher level of revenue.

Additionally, TDI indicates that the bill would generate additional revenue from licensing fees. This analysis assumes 6,000 new licensees in fiscal year 2010 and 240 new licensees in fiscal year 2011, with renewals beginning in fiscal year 2012. 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.

Technology

The technology impact is anticipated to be \$9,039 in fiscal year 2010.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, JRO, CH