

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB2105 by Geren (Relating to the regulation of certain licensing agents; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2105, As Introduced: a negative impact of (\$6,960) 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	\$147,025
2011	(\$153,985)
2012	\$182,015
2013	(\$153,985)
2014	\$182,015

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/ (Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$671,292)	\$818,317	8.0
2011	(\$599,402)	\$445,417	8.0
2012	(\$599,402)	\$781,417	8.0
2013	(\$599,402)	\$445,417	8.0
2014	(\$599,402)	\$781,417	8.0

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation (TDLR) to license and regulate licensing agents, defined by the bill as a person who assists another person in obtaining or renewing a license or permit issued under the Alcoholic Beverage Code. The bill would require TDLR to investigate complaints, check the criminal history background of applicants, adopt rules governing the requirements for the insurance policy required, and set a hearing to be conducted by the State Office of Administrative Hearings before denying an application or suspending or revoking a license.

The bill would require the Texas Alcoholic Beverage Commission (TABC) to establish a licensing agent training course and to charge a fee to each individual taking the course sufficient to cover the

cost of teaching the course.

The bill would take effect September 1, 2009, except for Sections 7.101, 7.351, and 7.352 of the Alcoholic Beverage Code as added by the bill, which would take effect January 1, 2010.

Methodology

Information provided by TDLR and TABC estimate the population of licensing agents to be 320. According to the analysis of TDLR, the primary enforcement work would involve analyzing financial security and auditing records of licensing agents for compliance. Based on information provided by TDLR, it is assumed that an additional 6.0 FTEs would be needed to license and enforce the provisions of the bill: 1.0 attorney, 2.0 auditors, 2.0 accountants, and 1.0 systems analyst to develop and maintain the audit system. Total costs to TDLR for licensing and regulating the licensing agents population are estimated to be \$482,317 in fiscal year (FY) 2010 and \$445,417 in each subsequent year. This analysis assumes that any increased costs to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

Based on information provided by TABC, it is assumed that an additional 2.0 FTEs would be needed to develop and implement the training course and to maintain records of completion. TABC also estimates travel costs associated with training across the state of Texas at least 4 times per year to be \$29,500 per year. Total costs to TABC for creating and providing the training courses are estimated to be \$188,975 in FY 2010 and \$153,985 each subsequent year. TABC is a self-funding agency, and the bill would require TABC to charge fees for the training course sufficient to cover the costs of the course. TABC estimates the fee required to cover the cost of the course would be \$1,050 per person. This fee would generate revenue of \$336,000 every two years.

The State Office of Administrative Hearings anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Technology

TABC anticipates creating an automated function for verification of agent licenses and communication with TDLR. Estimated costs for the automated function are \$39,900 (\$1,330 costs per day at 30 days).

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 458 Alcoholic Beverage Commission

LBB Staff: JOB, JRO, MW, ESi