

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

TO: Honorable Frank Corte Jr., Chair, House Committee on Defense & Veterans' Affairs

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

IN RE: HB3071 by Geren (Relating to benefits for members and veterans of the United States armed forces and the state military forces.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3071, As Introduced: a negative impact of (\$253,519,558) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$230,429,175)
2011	(\$23,090,383)
2012	(\$23,090,383)
2013	(\$23,090,383)
2014	(\$23,090,383)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$230,429,175)	18.0
2011	(\$23,090,383)	11.0
2012	(\$23,090,383)	11.0
2013	(\$23,090,383)	11.0
2014	(\$23,090,383)	11.0

Fiscal Analysis

The bill would amend the Government, Business & Commerce, Transportation, and Local Government Codes to allow benefits and exemptions for certain veterans and service members of the United States armed forces and the state military forces. The bill would provide for exemptions from licensing and permit fees including fees to operate a business selling goods in this state, fees for a notary public commission, and permit fees for construction for a handicap accessible residence for a veteran with a service-connected disability.

The bill would create a new General Revenue account, the National Guard Temporary Assistance, for the purpose of providing interest-free loans to support members of the Texas National Guard who are called to federal active duty and their families.

The bill would require the payment of \$5,000 to a member of the U.S. armed forces or Texas National Guard who became disabled while serving on federal active duty in a combat zone or in a hazardous duty area. A payment of \$3,000 would be made to the eligible survivor of a member of the U.S. armed

forces or Texas National Guard who died while serving on federal active duty in a combat zone or in a hazardous duty area. The Comptroller would administer these benefits.

The bill would require that a public transportation provider provide free service to disabled veterans who had a service-connected disability of at least 50 percent. The bill would eliminate the \$3 fee for specialty license plates when a veteran with disabilities registers their motor vehicle.

The bill would require that a Texas flag be provided for use at a funeral for a veteran. The bill would require the AGD to adopt rules to allow a veteran's organization to use without a fee charge, a National Guard armory for meetings and functions.

The bill would require the issuing of identification cards to certain disabled veterans that must include a photograph, thumbprint or bar code with a unique identification label. Also, the bill would require a telephone number for verification of the identification card to be operational 24-hours a day.

Methodology

The Department of Insurance (TDI) estimates that veterans account for approximately 9.7 percent of the Texas population and that between 5 and 10 percent of licensed agents would qualify for the exemption. In fiscal year 2008, TDI processed 60,000 applications for licenses and 118,000 license renewals for a total of \$8.9 million. Costs associated from the possible loss in collected fees are assumed to be reasonably absorbed within existing resources. Implementation of the bill would result in costs associated with a decrease in revenue from insurance agent license renewal fees deposited to General Revenue Dedicated Account Fund 36. However, since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes the decrease in revenue from implementing the bill would come from fund balances or the maintenance tax would be set to recover a higher level of revenue. Therefore, the bill would not have a significant fiscal impact on the agency.

During fiscal year 2008, the State Fire Marshal's Office processed individual licenses totaling \$1.1 million. TDI estimates that the percentage of applicants who would qualify for exemption as a result of the bill would be between 5 and 10 percent of the total. Costs associated from the loss are estimated to be reasonably absorbed with existing resources. The State Fire Marshal's Office estimates that 90 percent of company registrations are corporations, Limited Liability Corporations, Limited Liability Partnerships etc. and will not be exempt from fees. The remaining 10 percent of company registrations are sole proprietorship and would be exempt from fees. TDI estimates that between 5 and 10 percent would qualify for the exemption; however, costs associated from the loss are assumed to be reasonably absorbed with existing resources.

According to the Comptroller of Public Accounts, the elimination of the specialty license plate fee for motor vehicle registrations by disabled veterans would have a negative impact on State Highway Fund 0006, estimated at (\$176,000) in fiscal year 2010 and (\$178,000) in fiscal year 2011. It is assumed that the fiscal impact of this provision could be reasonably absorbed by existing resources.

Estimated costs associated with providing benefits to disabled veterans are approximately \$230 million in fiscal year 2010 (1.7 million veterans x 18 percent = 306,000 disabled veterans; x 15 percent = 45,900 eligible; \$5,000 x 45,900 = \$229.5 million).and \$22.7 million in subsequent years. The AGD anticipates costs associated for five additional FTEs in fiscal year 2010 to be approximately \$234,000 and for three FTEs in the subsequent years to be \$151,700 per year.

The Texas Veterans Commission estimates that costs associated with the production of and issuance of identification cards to be approximately \$700,000 in fiscal year 2010 and \$440,000 in the subsequent years. The Texas Veterans Commission (TVC) assumes that approximately 13.5 percent (41,310) identification cards (ID) would be produced for disabled veterans in fiscal year 2010 and approximately 14,459 (35 percent) in the subsequent years (1.7 million veterans x 18 percent = 306,000 disabled veterans). To verify veteran status, produce the photo ID, and enter data on veterans into the required data base, it is estimated to take approximately 30 minutes per veteran. This equates to 20,600 man hours per year the first year, or the equivalent of 13 FTEs in fiscal year 2010 and 8 FTEs for subsequent years. According to the TVC, the most convenient entity to issue the ID card would be the Local Workforce Development Area where TVC offices are located. TVC pays rent for

locations; the cost for rent for additional personnel is included in the estimate. Equipment listed is for computers and photo ID producing equipment which is delineated in the Technology section of this estimate.

According to the Secretary of State, approximately 100,000 notary commissions are processed each year. Calculations are based on the assumption that 1 percent of the 100,000 notaries commissioned each year would qualify for exemption resulting in 10,000 not submitting the \$21 fee. The Secretary of State anticipates no additional fiscal implications for implementing the bill.

Local Government Impact

The bill would allow certain veterans and service members to receive exemptions from licensing and permit fees as defined by the provisions of the bill. The bill would prohibit a county and a municipality from imposing permit fees for construction for a handicap accessible residence for a veteran with a service-connected disability. The fiscal impact to local governmental entities that issue certain licenses and permits could incur some costs associated with the provisions; however, those costs are not anticipated to be significant.

Source Agencies: 304 Comptroller of Public Accounts, 307 Secretary of State, 401 Adjutant General's Department, 403 Veterans Commission, 452 Department of Licensing and Regulation, 454 Department of Insurance, 456 Board of Plumbing Examiners, 458 Alcoholic Beverage Commission, 601 Department of Transportation

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