

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

IN RE: HB3949 by Solomons (Relating to the requirement that applicants for certain licenses be eligible for employment in the United States.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3949, As Introduced: a negative impact of (\$532,031) 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	(\$177,344)
2011	(\$354,687)
2012	(\$177,344)
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>Insurance Maint Tax Fees 8042</i>
2010	(\$1,053,807)	\$1,053,807	(\$177,344)	(\$151,161)
2011	(\$898,057)	\$898,057	(\$354,687)	(\$135,864)
2012	(\$850,653)	\$850,653	(\$177,344)	(\$135,864)
2013	(\$691,697)	\$691,697	\$0	(\$135,864)
2014	(\$691,531)	\$691,531	\$0	(\$135,864)

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Insurance Maint Tax Fees 8042</i>	Change in Number of State Employees from FY 2009
2010	\$151,161	20.0
2011	\$135,864	20.0
2012	\$135,864	20.0
2013	\$135,864	20.0
2014	\$135,864	20.0

Fiscal Analysis

The bill would require an applicant for a license to establish employment eligibility when applying for an original license or renewing a license, if the applicant has not previously established employment eligibility. The bill would prohibit a licensing authority from issuing a license to an applicant or from renewing an applicant's license unless the applicant establishes employment eligibility. The bill would delineate the documents that must be provided by an applicant to the licensing authority to prove employment eligibility. The bill would provide authority to licensing agencies to issue temporary licenses and to audit some or all applications for compliance.

The bill would take effect September 1, 2009. Each licensing authority would be required to adopt rules added by this act not later than January 1, 2010. The requirement to establish employment eligibility for a license would take effect March 1, 2010.

Methodology

Based on the analysis of various licensing agencies, there would be a cost to implement the provisions of the bill. Depending on the size of the licensing population for each agency, licensing authorities would require additional full-time-equivalent positions (FTEs) to process and evaluate the employment eligibility documents required for submission with an application for an occupational license.

Based on the analysis of the Texas Real Estate Commission, 8.0 additional FTEs would be required in order to process the employment eligibility required documents. These FTEs would be administrative assistants in various divisions of the agency: Education, licensing, cashier section, call center, and an additional employee to verify employment eligibility for the Appraiser Board.

Based on the analysis of the Texas Department of Licensing and Regulation (TDLR), it is assumed that unlicensed activity would increase if license holders or applicants could not provide the required documents. This could result in increased levels of complaints; TDLR anticipates receiving 715 complaints, resulting in 8 hearings. TDLR indicates it would need an additional 4.0 FTEs to process required documentation and to investigate complaints.

The Texas State Board of Pharmacy (TSBP) anticipates needing an additional 3.0 FTEs in its licensing division to process the required employment eligibility documents. After the total population of existing TSBP licensees are renewed, estimated to be in 2012, the agency could accomplish the verification of required documents with 1.0 FTE. TSBP also anticipates that 6,300 licensees that are either on inactive status or live outside the state of Texas may not renew a license because of this new requirement. Based on the analysis of TSBP, if 50 percent of this population chose not to renew, there would be a loss of GR revenue totaling \$532,031 over the biennium.

The bill would affect two divisions of the Texas Department of Insurance (TDI): Life, Health and Licensing and the State Fire Marshal's Office. In total, TDI anticipates needing an additional 3.0 FTEs to process its licensee population's employment eligibility documents. Since the insurance maintenance tax is self-leveling, this analysis assumes 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.

Both the State Board of Plumbing Examiners and the Texas Residential Construction Commission (TRCC) anticipate needing an additional 1.0 FTE to process required documentation. TRCC also anticipates needing two temporary employees for six months to establish the program and review initial required documentation.

The Department of Public Safety anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

This analysis assumes that any increased costs to agencies which are statutorily required to generate sufficient revenue to cover their costs of operation, would be offset by an increase in fee generated revenue.

Technology

The Texas Real Estate Commission anticipates needing a contract programmer for four months to make programming changes to its licensing database. Estimated costs for the contract programmer are \$71,240 in 2010.

TRCC also indicates new software would be necessary to support storage and backup and enhancements of the commission's database. In addition to leasing computer equipment for a new FTE, estimated technology costs are \$15,000 in 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 329 Real Estate Commission, 370 Residential Construction Commission, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 454 Department of Insurance, 456 Board of Plumbing Examiners, 507 Texas Board of Nursing, 515 Board of Pharmacy

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