

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 24, 2009

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

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

IN RE: SB778 by Watson (Relating to the licensing and regulation of identity recovery service contract providers and the inclusion of identity recovery service agreements in certain service contracts and vehicle protection products; providing penalties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB778, As Engrossed: 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 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	(\$30,661)	\$30,661	0.5
2011	(\$27,711)	\$27,711	0.5
2012	(\$27,711)	\$27,711	0.5
2013	(\$27,711)	\$27,711	0.5
2014	(\$27,711)	\$27,711	0.5

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation to license and regulate identity recovery service providers, including administrators. The bill would require the Texas Department of Licensing and Regulation to adopt rules to establish license requirements for identity recovery service providers and regulate the practice of this population in order to protect the public health, safety and welfare and ensure competent service provision. The bill would establish a definition of an Identity Recovery Service Contract, financial security requirements for the providers, and terms for voiding, canceling or returning a service contract. The bill would require the Texas Department of Licensing and Regulation to adopt rules to implement these provisions.

The bill authorizes the Texas Department of Licensing and Regulation to collect fees based on the number of contracts sold by each provider.

The bill would take effect September 1, 2009. The licensing requirement and disciplinary sections of the bill would take effect January 1, 2010.

Methodology

The Texas Department of Licensing and Regulation (TDLR) estimates the population of identity recovery service providers to be 20. TDLR estimates there would be 400 complaints annually, of which one quarter would be jurisdictional. The bill would establish that Chapter 51, which authorizes the setting of fees to cover costs of administering a licensing program, applies to this licensing population.

The Texas Department of Licensing and Regulation estimates that the agency would need an additional .5 FTEs to review and process incoming complaints to determine jurisdiction and handle casework for investigations. TDLR estimates one-time start up costs for the new .5 FTE, including the purchase of a computer, to be \$2,950.

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

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation

LBB Staff: JOB, ES, JRO, MW