

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

TO: Honorable Jeff Wentworth, Chair, Senate Committee on Jurisprudence

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

IN RE: SB1243 by Wentworth (Relating to the regulation of heir finders by the Texas Private Security Board.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1243, Committee Report 1st House, Substituted: a positive impact of \$26,499 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	\$24,090
2011	\$2,409
2012	\$2,649
2013	\$27,005
2014	\$5,615

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2010	\$24,090
2011	\$2,409
2012	\$2,649
2013	\$27,005
2014	\$5,615

Fiscal Analysis

The bill would add to the duties of the Private Security Board (PSB) the function of licensing and regulating heir finders or persons (including forensic genealogists) who provide information or other efforts related to another person's right to or interest in a decedent's estate in exchange for a payment or portion of interest in a decedent's estate. The bill would require that potential heir finders submit an application and two sets of fingerprints to the PSB and allows for the collection of a licensing fee. The bill states that the heir finder's license would be valid for three years and that license holders must maintain on file with the PSB a surety bond and certificate of insurance as required by board rule, which must contain minimum limits of \$2 million for all occurrences.

The bill would subject heir finders to the same complaint procedures and disciplinary actions as other regulated persons. The bill states that a person offering to provide services as an heir finder would not be required to register under the subchapter until January 1, 2010. Additionally, the list of conditions relating to prohibited contracts in Section 1702.277, Occupations Code, would only apply to contracts entered into on or after January 1, 2010. The other sections of the bill would take effect September 1, 2009.

Methodology

The Department of Public Safety (DPS) reports that the current number of licensed private investigators is 8,027 and the Regulatory License Service and Private Security Bureau estimate a reasonable expectation to be that 10 percent of current licensed private investigators would apply for the heir finder license. DPS reports that it would charge a licensing fee of \$30 to an estimated 803 prospective heir finders in 2010, thereby collecting \$24,090. This analysis assumes that new applicants for heir finder registration would equal approximately 10 percent of registered heir finders each year, resulting in revenue of \$2,409 in fiscal year 2011, \$2,650 in fiscal year 2012, \$2,915 in fiscal year 2013 and \$3,206 in fiscal year 2014. Additionally, licensed heir finders would have to apply for a renewal when the license expired after three years, causing an additional revenue gain of \$24,090 in fiscal year 2013 (totaling \$27,005 in 2013) and \$2,409 in 2014 in fiscal year 2014 (totaling \$5,615 in fiscal year 2014).

Local Government Impact

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

Source Agencies: 405 Department of Public Safety

LBB Staff: JOB, MN, GG, MWU