

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 12, 2011

TO: Honorable Craig Estes, Chair, Senate Committee on Agriculture & Rural Affairs

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

IN RE: HB1992 by Hardcastle (Relating to the authority of the Texas Animal Health Commission to set and collect fees.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1992, As Engrossed: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated Account</i>	Probable Savings/(Cost) from <i>New General Revenue Dedicated Account</i>
2012	\$964,225	(\$90,000)
2013	\$964,225	(\$20,000)
2014	\$964,225	(\$20,000)
2015	\$964,225	(\$20,000)
2016	\$964,225	(\$20,000)

Fiscal Analysis

This bill amends Sec. 161.060 of the Texas Agriculture Code to provide the Texas Animal Health Commission (TAHC) with comprehensive authority to assess fees for any costs incurred in providing services to and the regulation of animal agriculture industries of Texas, including:

- (1) the inspection of animals or facilities;
- (2) the testing of animals for disease;
- (3) obtaining samples from animals for disease testing;
- (4) disease prevention, control or eradication, and treatment efforts;
- (5) services related to the transport of livestock;
- (6) control and eradication of ticks and other pests; and,
- (7) any other service for which the commission incurs a cost.

The legislation would limit TAHC fee collections to \$2.0 million per biennium, and would establish a dedicated account in the General Revenue fund to receive these fees to be used only for the purposes for which the fees are collected.

Methodology

The bill, if enacted, would provide the TAHC with authority to assess fees to recover the cost of all activities and programs it provides on behalf of animal agriculture industries. Current law limits the TAHC's authority to charge fees for the following purposes: (a) inspections of animals or facilities housing animals; (b) veterinary health certificates (see Agricultural Code, Sec. 161.0601); and (c) poultry registration (see Agricultural Code, Sec. 161.0411(d)). The revenue generated by these fees is considerably less than the estimated cost of providing TAHC animal disease health services and regulation. Approximately 60 percent of the TAHC appropriations included in House Bill 1 as Introduced, the General Appropriations Act for the 2012-13 Biennium, are contingent on the collection of revenues sufficient to offset these appropriations.

The TAHC is in the process of developing a broad-based fee structure for the fiscal biennium beginning September 1, 2011 to partially offset the annual costs of agency operations. All fee receipts would be deposited into a new General Revenue-Dedicated Account. To date, the following fee proposals have been developed: (1) laboratory testing fees for various diseases affecting cattle, dairy, deer, swine and horses (brucellosis, trichomoniasis, equine piroplamosis, chronic wasting disease, equine infectious anemia); and (2) fees for chronic wasting disease, quarantined animal and garbage feeder inspections. The testing fee would be set at \$1.25 per test, and apply to an estimated 582,500 tests per fiscal year and is projected to generate \$731,500 per fiscal year. The inspections, the fees for which would range from \$25 for garbage feeder inspections to a high of \$250 for chronic wasting disease animal inspections would generate an estimated \$232,725 per fiscal year. Based on this legislation, all fee receipts would be deposited into a new General Revenue-Dedicated Account. The total annual revenue gain from these fees to the new General Revenue-Dedicated Account is estimated to be \$964,225 or \$1,928,450 for the 2012-13 biennium and are included in the table above.

The TAHC expects the new revenue collection responsibilities related to implementing the provisions of this bill would require the addition of the one-time cost of acquiring billing or revenue software (\$75,000) and an additional computer server (\$15,000) in fiscal year 2012; and, annual software license costs of \$20,000 beginning in fiscal year 2013 and each fiscal year thereafter. These costs are assumed to be paid out of the new General Revenue-Dedicated Account created by the legislation and are included in the table above. The agency does not anticipate needing additional FTEs to implement the provisions of this legislation.

It should be noted that in order to meet the revenue target established for the TAHC by House Bill 1 As Introduced, the General Appropriations Act for the 2012-13 Biennium, the agency would need to raise approximately \$8.5 million above the \$2.0 million biennial revenue limit that this legislation provides. TAHC estimates that this revenue cap, if enacted, has the potential to result in the elimination of 70 FTEs in the 2012-13 Biennium.

Technology

See fiscal analysis for description and explanation of information technology costs.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 554 Animal Health Commission

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