

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 21, 2011**

**TO:** Honorable Bill Callegari, Chair, House Committee on Government Efficiency & Reform

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

**IN RE: HB3166** by Callegari (Relating to the abolition and consolidation of state agencies.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3166, As Introduced: a positive impact of \$4,548,455 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	\$3,097,409
2013	\$1,451,046
2014	\$1,451,046
2015	\$1,451,046
2016	\$1,451,046

**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	Change in Number of State Employees from FY 2011
2012	(\$5,527,700)	\$8,625,109	45.0
2013	(\$5,374,063)	\$6,825,109	38.0
2014	(\$5,374,063)	\$6,825,109	38.0
2015	(\$5,374,063)	\$6,825,109	38.0
2016	(\$5,374,063)	\$6,825,109	38.0

**Fiscal Analysis**

The bill would amend the Occupations Code, Government Code, Finance Code, Education Code, Health and Safety Code, Local Government Code, Revised Statutes, Insurance Code and Natural Resources Code relating to the abolition and consolidation of certain state agencies.

Article One of the bill would amend the Government Code to transfer the Texas Department of Rural Affairs (TDRA) and all of its functions and appropriated funds to the Office of Rural Affairs within the Department of Agriculture (TDA) on September 1, 2011. Article One of the bill would repeal the following sections of the Occupations Code: Section 487.002, 487.021, 487.022, 487.023, 487.024, 487.025, 487.028, 487.029, 487.051(b), 487.058, and 487.352.

Article Two of the bill would amend the Occupations Code, Finance Code, Government Code, and the Health and Safety Code to transfer the Texas Funeral Service Commission (TFSC) and all of its functions to the Texas Department of Licensing and Regulation (TDLR) and make conforming amendments to references to the abolished agency. The bill would transfer all unexpended funds appropriated to the TFSC to TDLR, and transfer obligations, property, rights, powers, and duties as of May 1, 2012.

Article Two of the bill would repeal the following sections of the Occupations Code: Section 101.0515, 651.002, 651.156, 651.163, 651.165(a),(b),(c),(e),(f), 651.166, 651.167, 651.202, 651.203, 651.204, 651.254, 651.259(g), 651.264, 651.267(c), 651.501, 651.502, 651.5026, 651.505(a), 651.506, 651.551, 651.5515, 651.553, 651.554, 651.555, 651.556, 651.557, 651.558, 651.601, 651.658(b), and Subchapters B and C of Chapter 651. The following section of the Health and Safety Code would be repealed: Section 716.001(3).

Article Three of the bill would amend the Occupations Code, Government Code, Health and Safety Code, Local Government Code, Education Code, and the Natural Resources Code to transfer the Board of Plumbing Examiners and all of its functions to the Texas Department of Licensing and Regulation (TDLR) and make conforming amendments to references to the abolished agency. The bill would transfer all unexpended funds appropriated to the Board of Plumbing Examiners to TDLR, and transfer obligations, property, rights, powers, and duties as of May 1, 2012.

Article Three of the bill would repeal the following sections of the Occupations Code: Section 51.351 (c)(d), 1301.003, 1301.201, 1301.204, 1301.205, 1301.207, 1301.208, 1301.252, 1301.253, 1301.254, 1301.256, 1301.259, 1301.260, 1301.261, 1301.301, 1301.3015, 1301.303, 1301.304, 1301.3521, 1301.355, 1301.451, 1301.4521, 1301.4522, 1301.453, 1301.454, 1301.504, 1301.5045, 1301.505, 1301.506, 1301.258, and Subchapters C and N of Chapter 1301.

Article Four of the bill would amend the Occupations Code, Government Code, Health and Safety Code, Insurance Code, Local Government Code, Revised Statutes, and the Natural Resources Code to abolish the Texas Board of Architectural Examiners (TBAE), the Texas Board of Professional Engineers (TBPE), and Texas Board of Professional Land Surveying and make conforming amendments to references to the abolished agencies. The bill would create a new agency, the Texas Board of Professional Services, and transfer the functions of the abolished agencies to the newly created board. The bill would also remove the TBAE and TBPE from the Self-Directed Semi-Independent (SDSI) pilot project and would repeal language relating to annual payments to the General Fund by these agencies for participating in this project.

Article Four of the bill would deregulate interior designers and would remove functions relating to licensing and enforcement of interior designers from the state, including the ability to collect fees on interior designers.

Article Four, Section 4.29 of the bill would transfer all unexpended funds appropriated to the TBAE, TBPE, and the Texas Board of Professional Land Surveying to the newly created Texas Board of Professional Services, and requires that the transfer of obligations, property, rights, powers, and duties must be completed not later than September 1, 2012.

Article Four of the bill would repeal the following sections of the Occupations Code: Section 1001.005, Subchapters C, D, and E of Chapter 1001, Section 1051.001(3)(4), Section 1051.003, Subchapters B,C, and D, Article 1 of Chapter 1051, Section 1051.604, Subchapter M, Article 3, of Chapter 1051, Subchapter B of Chapter 1052, Chapter 1053, Section 1071.003, and Subchapters B,C, and D of Chapter 1071.

Article Five of the bill would repeal Chapter 2301 of the Government Code relating to the Superconducting Super Collider Facility Research Authority.

The bill would take effect on September 1, 2011.

## **Methodology**

#### Article One

This analysis assumes that the bill would achieve certain administrative savings by transferring TDRA to TDA. These savings are estimated to include \$454,392 out of the General Revenue Fund and 5.0 Full-Time-Equivalents (FTEs) in each fiscal year. These amounts include \$164,482 out of the General Revenue Fund and 2.0 FTEs from the Rural Policy and Research strategy in each fiscal year, \$211,297 out of the General Revenue Fund and 2.0 FTEs out of Central Administration in each fiscal year, and \$78,613 out of the General Revenue Fund and 1.0 FTE from Information Resources in each fiscal year. In addition to these administrative savings, it is assumed that \$162,397 out of the General Revenue Fund and 4.0 FTEs could be saved by eliminating certain rural offices of TDRA. It is assumed that any federal funds, which would be saved by eliminating certain offices of TDRA would be used for additional grants.

#### Article Two

For the purpose of this analysis, information provided by the Texas Department of Licensing and Regulation (TDLR) was used to estimate the administrative savings achieved by transferring the TFSC to TLDR. For the purpose of this analysis, amounts appropriated in fiscal year 2011 in the General Appropriations Act and adjusted for reductions in 2011 were used to estimate savings (\$45,365 in 2012 and \$158,492 and 3 FTEs in 2013, continuing on through 2014-16) to the General Revenue Fund, reflected in the table above, from the abolishment of the TFSC. It is assumed that agencies would not realize savings until the transfer of funding and functions of the TFSC occurs on May 1, 2012.

#### Article Three

For the purpose of the analysis, information provided by the Texas Department of Licensing and Regulation (TDLR) was used to estimate the administrative savings achieved by transferring the Board of Plumbing Examiners to TLDR. For the purpose of this analysis, amounts appropriated in fiscal year 2011 in the General Appropriations Act and adjusted for reductions in 2011 were used to estimate savings (\$20,255 in 2012 and \$60,765 and 4 FTEs in 2013, continuing on through 2014-16) to the General Revenue Fund, reflected in the table above, from the abolishment of the Board of Plumbing Examiners. It is assumed that agencies would not realize savings until the transfer of funding and functions of the Board of Plumbing Examiners occurs on May 1, 2012.

#### Article Four

For the purpose of this analysis, the Comptroller of Public Accounts' 2012-13 Biennial Revenue Estimate and revenue records provided by the agencies were used to estimate the revenue impacts of the bill. Under current law, revenues collected by the TBPE and TBAE, as Self-Directed Semi-Independent (SDSI) agencies, are deposited in the Texas Treasury Safekeeping Trust Company (TTSTC) which is operated outside of the treasury, with the exception of the \$200 professional fee, which is currently deposited to the General Revenue Fund.

Based on the analysis of the Comptroller of Public Accounts, it is assumed that all revenues currently deposited to the TTSTC would be deposited to the General Revenue Fund and that unexpended fund balances in the TTSTC would be transferred to the General Revenue Fund as of September 1, 2012. This analysis also assumes that there would be a loss to General Revenue of \$883,900 each fiscal year due to payments for the SDSI project being no longer continued under the provision of the bill. Based on the analysis of the Comptroller of Public Accounts, it is assumed that the \$200 professional fee for interior designers currently deposited to General Revenue would no longer be collected due to the deregulation of this licensee population.

Based on the analysis of the Comptroller of Public Accounts, it is assumed that there would be a gain of \$2,415,000 in 2012 and a gain of \$615,000 each fiscal year from 2013-16 with similar fiscal implications continuing after 2016.

For the purpose of this analysis, amounts appropriated in fiscal year 2011 in the General Appropriations Act and adjusted for reductions in 2011 and information provided by the TBAE and the TBPE were used to estimate costs to the General Revenue Fund, reflected in the table above, from the abolishment of the TBAE, TBPE, and Texas Board of Professional Land Surveying and the subsequent creation of the Texas Board of Professional Services.

Under current law, costs incurred by the TBPE and TBAE, as SDSI agencies, are realized outside the treasury. Under the provisions of this bill, it is assumed that all costs for these agencies would be realized against the General Revenue Fund. As reflected in the table above, it is assumed that the cost to the General Revenue Fund for the Board of Professional Services is \$6,210,109 and the addition of 54 FTEs each fiscal year. This analysis assumed that the transfer of functions for the TBAE to the Texas Board of Professional Services would cost the General Revenue Fund in the amount of \$1,951,434 and the addition of 20 FTEs in each fiscal year from 2012-16 which reflects a savings each year achieved from the deregulation of interior designers. This analysis assumes that the transfer of functions for the TBPE to the Texas Board of Professional Services would cost the General Revenue Fund in the amount of \$4,212,006 and the addition of 34 FTEs in each fiscal year. This analysis assumes that the Board of Professional Land Surveying's 2011 appropriations as adjusted by reductions would be transferred to the Texas Board of Professional Services beginning in 2012 and that a saving of \$99,502 and 1.0 FTE reduction each fiscal year would be applied to the funding level. This analysis also assumes that the Texas Board of Professional Services would also require funding for additional operational expenses in the amount of \$146,171 and 1.0 FTE each fiscal year for board member travel and salary for an Executive Director.

This analysis assumes that the Texas Board of Professional Services would generate revenues as necessary to cover all costs associated with implementing the provisions of the bill.

#### Article Five

For the purpose of the analysis and based on information provided by the University of Texas System Combined, it is assumed that the repeal of the Superconducting Super Collider Facility Research Authority would not have a significant fiscal impact on the state.

Based on the provisions of the bill and the analysis of the Sunset Advisory Commission, the Office of the Attorney General, the State Office of Administrative Hearings, and the State Auditor's Office, it is assumed that any duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. Based on the analysis of the Sunset Advisory Commission, it is assumed that provisions of the bill could provide the basis for cost savings depending on when the Legislature schedules agencies for sunset review.

#### **Local Government Impact**

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

**Source Agencies:** 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 357 Texas Department of Rural Affairs, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 456 Board of Plumbing Examiners, 459 Board of Architectural Examiners, 460 Board of Professional Engineers, 464 Board of Professional Land Surveying, 513 Funeral Service Commission, 520 Board of Examiners of Psychologists, 551 Department of Agriculture, 720 The University of Texas System Administration

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