

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 15, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

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

IN RE: SB1450 by Zaffirini (Relating to the regulation of crafted precious metal dealers and dealerships; providing a criminal penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1450, Committee Report 1st House, Substituted: 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 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	(\$383,502)	\$383,502	5.0
2013	(\$383,502)	\$383,502	5.0
2014	(\$383,502)	\$383,502	5.0
2015	(\$383,502)	\$383,502	5.0
2016	(\$383,502)	\$383,502	5.0

Fiscal Analysis

The bill would amend the Occupations Code and Local Government Code to require the Texas Department of Licensing and Regulation (TDLR) to license and regulate crafted precious metal dealers and dealerships. The bill would require TDLR to establish eligibility requirements, and conduct criminal background checks on each metal dealer and dealership.

The bill has the following effective dates: The effective date for the bill would be September 1, 2011; Rules and procedures would be required as soon as practicable after the effective date of this bill.

Methodology

Information and estimates provided by the Department of Licensing and Regulation were used as the basis of developing this analysis. Based on information provided by TDLR, the estimated population of Crafted Precious Metal Dealership Licenses (initial locations - 2,075; additional locations - 2,075) and fees would be collected by the department and deposited into General Revenue. Also based on the analysis of TDLR, it is assumed that an additional 5.0 FTEs would be required to license, regulate and enforce the provisions of the bill. This would include: 1.0 FTE - License and Permit Specialist III - to process new and renewing license applications and perform dealer application investigations. This positions would also perform background checks through DPS and each local law enforcement agency in the county, where the applicant is located for each company, owner, officer, shareholder, and manager; 1.0 FTE - Customer Service Representative III; 0.5 FTE - Legal Assistant II (Intake) - to process incoming complaints and inquiries; 1.0 FTE - Investigator IV - to investigate complaints to document possible violations of the law and rules; 0.5 FTE - Attorney IV (Prosecutor) - to issue notices of alleged violations, prosecute complaints and negotiate settlements when appropriate; 0.5 FTE - Administrative Assistant III (Prosecutor Section) - to field general inquiries and assist with prosecutions; 0.5 FTE - Systems Analyst IV - to create and maintain a computer program to license and renew crafted precious metal dealers and register crafted precious metal dealers that work at a temporary location 90 days or less, to administer this chapter under the direction of the department and to provide technical expertise to the public, TDLR personnel, and the licensed population. TDLR anticipates receiving 332 complaints each year resulting in 3 hearings each year. In addition, TDLR anticipates a cost of \$8,300 each fiscal year for each licensee requiring a criminal history background check at \$1 each and \$8,300 in costs for each licensee renewing their licenses at \$1 each.

In addition to salary and benefit costs in the amount of \$304,800 each year, it is assumed that the agency would incur other costs of \$14,850 each year in rent for space for the additional FTEs, \$8,250 in Other Operating Expenses each year, \$5,375 in Travel each year, \$34,287 in Equipment in fiscal year 2012 and \$14,487 in Computer Technology Equipment in fiscal year 2012. The agency would also have Other Costs for access to legal files for the additional FTEs at \$15,940 in fiscal year 2012 and \$9,990 in each subsequent fiscal year. Since TDLR is statutorily required to cover the cost of its operations with fee generated revenue, it is assumed that the agency would adjust fees as necessary to cover all costs associated with implementing the provisions of the bill.

Based on the analysis of the Department of Public Safety, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

LBB Staff: JOB, AG, MW, CWS, KKR