

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 22, 2013

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1111 by Gonzalez, Naomi (Relating to establishing a personal automobile insurance program for certain low-income individuals; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1111, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Insurance Maint Tax Fees</i> 8042	Probable Savings/(Cost) from <i>Insurance Maint Tax Fees</i> 8042	Change in Number of State Employees from FY 2013
2014	\$595,036	(\$595,036)	8.8
2015	\$552,687	(\$552,687)	8.8
2016	\$552,687	(\$552,687)	8.8
2017	\$552,687	(\$552,687)	8.8
2018	\$552,687	(\$552,687)	8.8

Fiscal Analysis

This bill would implement recommendations in the report "Reduce the Number of Uninsured Drivers by Establishing a Low-Income Automobile Insurance Program" in the Legislative Budget Board's *Government Effectiveness and Efficiency Report* submitted to the Eighty-third Texas Legislature, 2013.

The bill would require the Texas Department of Insurance (TDI) to establish a low-income automobile insurance program providing minimum liability automobile insurance to qualifying low-income individuals and to establish an appeals process for program applicants to appeal the denial of an application for coverage.

Methodology

TDI reports it is difficult to predict the number of applications that would be filed and phone inquiries that would result from the provisions of this bill. For this estimate, TDI assumed 7,508 applications for low-income automobile insurance program participation would be received, and 29,734 telephone inquiries. TDI indicated it would need 8.8 FTE's at a total cost of \$490,233 per fiscal year to process program applications, process phone inquiries, and provide program support. Additional costs of \$62,454 per fiscal year would be incurred from professional services, procuring telephone services and consumable supplies, and other operating expenses. In fiscal year 2014, TDI reports \$42,349 will be needed for a one-time cost associated with equipment.

Technology

TDI reports a one-time cost of \$11,025 for technology in fiscal year 2014.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, AG, JI, MMe, RB, ER