

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 5, 2015

TO: Honorable John Frullo, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2893 by Frullo (Relating to the licensing of insurance agents and adjusters; providing a penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2893, As Introduced: a negative impact of (\$1,600,000) through the biennium ending August 31, 2017.

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
2016	(\$800,000)
2017	(\$800,000)
2018	(\$800,000)
2019	(\$800,000)
2020	(\$800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund
	1
2016	(\$800,000)
2017	(\$800,000)
2018	(\$800,000)
2019	(\$800,000)
2020	(\$800,000)

Fiscal Analysis

The bill would amend the Insurance Code relating to the licensing of insurance agents and adjusters; providing a penalty.

The bill would amend Section 4005.109 of the Insurance Code by limiting the amount of fines

assessed under subsection (b)(1) to an amount not to exceed \$500 for a licensing period.

The bill takes effect September 1, 2015.

Methodology

The Texas Department of Insurance (TDI) currently deposits all revenues collected from fines associated with Section 4005.109 of the Insurance Code to the credit of General Revenue. In fiscal year 2014, the amount totaled approximately \$2.0 million, of which approximately \$1.4 million was collected from fines assessed on 1,200 individuals in excess of \$500, with the remaining \$600,000 coming from penalties assessed under \$500.

Based on information provided by TDI this analysis assumes that revenues from fines collected under Section 4005.109 of the Insurance Code will total approximately \$1.2 million each year, which results in a decrease of approximately \$800,000 a year to General Revenue. This analysis includes the following assumptions: the same number of individuals which would have paid a fine over \$500 remains constant at 1,200 at a maximum fine of \$500 which would result in revenues totaling \$600,000; the revenue collections for fines under \$500 remains constant at \$600,000 with the total amount expected to be collected to be \$1.2 million which would result in a decrease of \$800,000 from the previous fiscal year.

Based on information provided by the Texas Department of Insurance, it is assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished within existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: UP, AG, NV, ER, CL