

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB217 by Hinojosa (Relating to the self-directed and semi-independent status of certain agencies and to the requirements applicable to, and the oversight of, those agencies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB217, As Introduced: a positive impact of \$665,000 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	\$332,500
2017	\$332,500
2018	\$332,500
2019	\$332,500
2020	\$332,500

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Savings/(Cost) from Texas Real Estate Commission Local Operating Fund 0889 and Local Operating Fund 1005
2016	\$332,500	(\$332,500)
2017	\$332,500	(\$332,500)
2018	\$332,500	(\$332,500)
2019	\$332,500	(\$332,500)
2020	\$332,500	(\$332,500)

Fiscal Analysis

The bill would amend Chapter 472 of the Government Code relating to the self-directed and semi-independent (SDSI) status of certain agencies and to the requirements applicable to, and the

oversight of, those agencies.

The bill requires the Legislative Budget Board (LBB) to develop and administer the application process for recommending SDSI status to the Legislature and to expand their oversight regarding the monitoring of existing SDSI agencies. The bill authorizes both the LBB and the Sunset Advisory Commission to provide recommendations on revoking an agency's SDSI status.

The bill requires agencies seeking SDSI status to undergo a financial audit and an effectiveness audit by the State Auditor's Office (SAO) during the four-year period preceding their application for SDSI status and at least once every six years after SDSI status is granted.

The bill requires the Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board to deposit any administrative penalties collected into the General Revenue Fund, and authorizes the LBB and SAO to recover from an agency the costs associated with administering these provisions.

The bill would take effect September 1, 2015.

Methodology

Under provisions of the bill, the revenues collected by the Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board for administrative penalties would be deposited into the General Revenue Fund. The Comptroller of Public Accounts and Real Estate Commission estimate the additional revenue from these penalties would equal \$332,500 per fiscal year based on current levels of revenues collected.

The bill provides authority for the LBB to recover costs from SDSI agencies; the LBB does not currently engage in cost recovery. It is anticipated that there would be a workload increase for the LBB associated with the bill's requirements, which would affect the agency's capacity to engage in other oversight activities.

This analysis assumes the SAO would enter into an interagency contract with agencies that request audits prior to application for SDSI status to reimburse the SAO for costs incurred in performing such audits. Based on information provided by the Sunset Advisory Commission, it is assumed that the duties and responsibilities associated with implementing the provisions of the bill for these agencies could be accomplished by utilizing existing resources.

As a self-funding, self-leveling agency, all SDSI agencies are required to collect revenues sufficient to cover their costs, so that any additional costs incurred in implementing the provisions of this bill would be offset by an equal amount of revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 329 Real Estate Commission, 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

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