

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Tan Parker, Chair, House Committee on Investments & Financial Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3224 by Perez (Relating to requiring dealers and investment advisers to report suspected financial abuse of elderly persons; providing a civil penalty; creating a criminal offense.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3224, As Introduced: a negative impact of (\$37,670,243) through the biennium ending August 31, 2019.

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
2018	(\$20,550,261)
2019	(\$17,119,982)
2020	(\$17,119,982)
2021	(\$17,119,982)
2022	(\$17,119,982)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2017
2018	(\$20,550,261)	(\$1,218,894)	227.0
2019	(\$17,119,982)	(\$846,686)	227.0
2020	(\$17,119,982)	(\$846,686)	227.0
2021	(\$17,119,982)	(\$846,686)	227.0
2022	(\$17,119,982)	(\$846,686)	227.0

Fiscal Analysis

The bill would amend the Securities Act and the Human Resources Code relating to requiring dealers and investment advisers to report suspected financial abuse of elderly persons.

The bill would expand the definition of financial abuse and financial exploitation, and would require an investment adviser representative or agent that has a good faith belief that financial abuse or exploitation is occurring to report to the Department of Family and Protective Services (DFPS) and appropriate local law enforcement.

The bill would require the State Securities Board and the Health and Human Services Commission to adopt rules requiring dealer or investment advisors to implement a related training program.

The bill would take effect September 1, 2017.

Methodology

According to DFPS, the new definition of financial abuse and financial exploitation would expand the scope of the Adult Protective Service's (APS) authority to investigate by 16,897 intakes per year. According to the agency assumptions that Statewide Intake averages 1.5 intakes per hour and APS averages 120 intakes per investigator per year for this type of case, the agency would require 7.0 additional Statewide Intake Investigator full-time equivalent (FTE) positions, 141.0 additional APS In-Home Investigator FTEs, and 79.0 additional support staff FTEs. The analysis assumes that each additional FTE would cost approximately \$80,825 per fiscal year for related benefits and expenses, and approximately \$6,500 in fiscal year 2018 for one-time set up costs.

In addition, DFPS estimates that upgrades to the IMPACT system would cost \$1,944,911 in fiscal year 2018 in order to capture and report the new investigation data required by the provisions of this bill.

This analysis assumes the provisions of the bill addressing felony sanctions for criminal offenses would not result in a significant impact on state correctional agencies.

The Health and Human Services Commission and the State Securities Board indicate they could absorb the costs associate with the bill within their current resources.

Technology

The annual technology impact totals \$1,944,911 for system upgrades in fiscal year 2018, and approximately \$1,350 per FTE each fiscal year beginning in fiscal year 2018 for related computer and data center services expenses.

Local Government Impact

A Class C misdemeanor is punishable by a fine of not more than \$500. Costs associated with enforcement and prosecution could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal impact. In addition to the fine, punishment can include up to 180 days of deferred disposition.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 312 Securities Board, 529 Health and Human Services Commission, 530 Family and Protective Services, Department of, 696 Department of Criminal Justice

LBB Staff: UP, CL, EP, JLi, RFL, RC