

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: HB3972 by Johnson, Eric (Relating to the financial exploitation of certain elderly persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3972, As Introduced: a negative impact of (\$8,898,989) 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	(\$5,440,275)
2019	(\$3,458,714)
2020	(\$3,458,714)
2021	(\$3,458,714)
2022	(\$3,458,714)

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	(\$5,440,275)	(\$477,672)	40.2
2019	(\$3,458,714)	(\$189,303)	40.2
2020	(\$3,458,714)	(\$189,303)	40.2
2021	(\$3,458,714)	(\$189,303)	40.2
2022	(\$3,458,714)	(\$189,303)	40.2

Fiscal Analysis

The bill would amend the Securities Act and the Human Resources Code relating to requiring qualified individuals to report suspected financial exploitation.

The bill would expand the definition of financial exploitation, and would require a qualified individual (an agent, investment advisor representative, or a person who serves in a supervisory, compliance, or legal capacity for a dealer or investment advisor) that rationally believes that financial exploitation is occurring to report to the Securities Board and the Department of Family and Protective Services (DFPS).

The bill would allow a qualified individual to place a hold on a transaction involving a vulnerable adult involved in a report or investigation.

The bill would require the State Securities Board and the Health and Human Services Commission (HHSC) to adopt rules regarding the form and content required in a report of suspected financial exploitation. HHSC would also be required to adopt rules for the assessment, investigation, and disposition of a report of suspected financial exploitation. Procedures adopted by HHSC, which DFPS would be required to implement, must be similar to procedures used for the assessment, investigation, and disposition of a report of abuse, neglect, or exploitation received by DFPS.

The bill would take effect September 1, 2017.

Methodology

According to DFPS, the new definition of financial exploitation would expand the scope of the Adult Protective Service's (APS) authority to investigate, increasing the staffing need by 29.0 additional APS In-Home Investigator full-time equivalent (FTE) positions and 11.2 additional support staff FTEs. The analysis assumes that each additional FTE would cost approximately \$90,750 per fiscal year for related benefits and expenses, and approximately \$6,750 in fiscal year 2018 for one-time set up costs.

The analysis assumes 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.

The Health and Human Services Commission and the State Securities Board indicate they could absorb the costs associated 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

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

Source Agencies: 312 Securities Board, 529 Health and Human Services Commission, 530 Family and Protective Services, Department of

LBB Staff: UP, CL, EP, JQ, JLi