

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 17, 2019**

**TO:** Honorable Drew Springer, Chair, House Committee on Agriculture & Livestock

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB32** by González, Mary (Relating to the licensing and regulation of certain pecan buyers in certain counties; requiring an occupational license; authorizing a fee; creating a criminal offense.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB32, As Introduced: a negative impact of (\$396,542) through the biennium ending August 31, 2021.

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
2020	(\$221,753)
2021	(\$174,789)
2022	(\$174,789)
2023	(\$174,789)
2024	(\$174,789)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2019
2020	\$60,000	(\$281,753)	3.5
2021	\$60,000	(\$234,789)	3.5
2022	\$60,000	(\$234,789)	3.5
2023	\$60,000	(\$234,789)	3.5
2024	\$60,000	(\$234,789)	3.5

## **Fiscal Analysis**

The bill would amend the Agriculture Code to establish a license and inspection program for the purchase of in-shell pecans in the five westernmost counties of Texas where pecans are produced. In those counties, the bill would prohibit the purchase of in-shell pecans and the operation of a buying station without a license. The bill would exempt certain buyers from the license requirement, including retailers whose in-shell pecan purchases are under 100 pounds per 12-month period, individuals who purchase less than 50 pounds per 12-month period, and brokers who do not receive shipments in the five counties included in the bill.

The bill would create licensing application requirements and would require licensed in-shell pecan buyers to maintain detailed purchase records. The bill would require the Department of Agriculture (TDA) to establish a licensing fee for in-shell pecan buyers not to exceed the lesser of the amount necessary to administer the licensing program or \$400 per year. The bill would authorize TDA and peace officers to inspect in-shell pecan buying stations and buying records in the affected counties. The bill would make it a misdemeanor offense punishable by a fine of \$250 to operate without a license or to fail to maintain adequate purchase records.

The bill would take effect September 1, 2019, with the exception of inspection, license requirements, maintenance of records, and criminal penalty provisions which would take effect January 1, 2020.

## **Methodology**

TDA estimates that there would be 150 licensees in the five county area, each paying a fee of \$400 per year, for a total revenue gain of \$60,000 each year. This analysis assumes the agency would need 2.0 Inspector V (\$47,688 salary per FTE) positions to conduct a minimum of two inspections per licensee per year, equating to 300 inspections per year. It is also assumed that the inspectors would travel for 15 days in the first year and 10 days each following year. In addition, it is assumed that the agency would need an additional 1.0 Program Specialist II (\$51,985 salary) and 0.5 Administrative Assistant III (\$18,957 salary) to implement the bill.

Costs related to salaries would be \$269,289 for 2020, and \$225,265 each subsequent year. Travel costs would be \$12,464 for 2020, and \$9,524 each subsequent year.

Based on information provided by the Comptroller, it is assumed that there would be an indeterminate fiscal impact to the state from penalties and fines due to the number of violations that would result in a penalty is unknown.

## **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 551 Department of Agriculture

**LBB Staff:** WP, SZ, MW, PBO