

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 31, 2019

TO: Honorable Trey Martinez Fischer, Chair, House Committee on Business & Industry

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

IN RE: HB701 by Lucio III (Relating to the regulation of call centers; providing a civil penalty.),
As Introduced

The fiscal implications of the bill cannot be determined at this time

The bill would amend the Business and Commerce Code, establishing provisions related to call centers. Among other provisions, the bill would require the Texas Department of Insurance (TDI) to receive notification from a call center business that is proposing to move a significant portion of its call center operations outside the United States, as well as maintain a list of businesses that have terminated and relocated customer service employee positions. The bill would require the agency to work with public agencies before TDI could issue a public subsidy to a business that is on the agency's list, provisions of which are described in the bill.

According to TDI, the agency would require the addition of 2.0 FTEs (Program Specialist III), at a cost of \$306,494 from General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees in the 2020-21 biennium, in order to accomplish the provisions of the bill. Due to the self-leveling nature of the TDI operating fund, this analysis assumes that TDI would adjust the assessment of the maintenance tax to account for any additional costs resulting from the implementation of the bill.

The bill would require that all call center services performed on behalf of a state agency must be performed in this state. Based on analysis by the Office of the Attorney General, the provisions of the bill relating to the operation of call centers may have an adverse impact on the operations of the Child Support Enforcement Division. Since the availability of eligible call centers within the state to perform child support enforcements are not known, the cost cannot be determined at this time. The Health and Human Services Commission also anticipates a potential indeterminate fiscal impact from this provision.

Provisions of the bill requiring that state agency call center services be performed in this state could increase the cost of obtaining those services, and as the number of agency call center operations impacted from the provisions of the bill is unknown, the fiscal impact cannot be determined. As the amount and timing of any penalty revenue collected or public subsidies returned is unknown, associated revenue implications cannot be determined.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Health and Human Services Commission, 601 Department of Transportation

LBB Staff: WP, CLo, SGr, PM, JMO, LCO