

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

TO: Honorable Eddie Lucio III, Chair, House Committee on Insurance

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

IN RE: **HB2289** by Ortega (Relating to the regulation of amusement rides by the Texas Department of Licensing and Regulation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2289, As Introduced: a positive impact of \$258,436 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	\$109,603
2021	\$148,833
2022	\$148,833
2023	\$148,833
2024	\$148,833

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1	Probable Revenue (Loss) from Dept Ins Operating Acct 36	Probable (Cost) from General Revenue Fund 1	Probable Savings from Dept Ins Operating Acct 36
2020	\$412,000	(\$412,000)	(\$302,397)	\$255,167
2021	\$420,000	(\$420,000)	(\$271,167)	\$255,167
2022	\$420,000	(\$420,000)	(\$271,167)	\$255,167
2023	\$420,000	(\$420,000)	(\$271,167)	\$255,167
2024	\$420,000	(\$420,000)	(\$271,167)	\$255,167

Fiscal Analysis

The bill would amend the Occupations Code to transfer the regulation of amusement rides from the Texas Department of Insurance (TDI) to the Texas Department of Licensing and Regulation (TDLR). Effective September 1, 2019, the bill would require TDI and TDLR to enter into a memorandum of understanding to identify the applicable powers and duties that are transferred between the two agencies and establish a plan for the transfer. The rest of the bill would take effect on January 1, 2020.

Methodology

This analysis assumes the transfer of the regulation of the amusement ride program from TDI to TDLR would not have an effect on the revenue collected for the program. The Comptroller's Biennial Revenue Estimate for the amusement ride regulation revenue is projected at \$412,000 in fiscal year 2020 and \$420,000 in fiscal year 2021. This analysis assumes a revenue loss to the TDI Operating Fund 36 and an equal revenue gain to the General Revenue Fund and assumes the revenue for future fiscal years will continue at the 2021 level. 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 the revenue loss and cost savings resulting from the implementation of the bill. The adjustment in the maintenance taxes is anticipated to be insignificant and is excluded from the tables above.

TDI allocates 5.0 full-time-equivalent (FTE) positions for administering the amusement ride program at an annual cost of \$255,167 per fiscal year, including all salaries, personnel costs, and wage benefits. Implementation of the bill would result in a cost savings of an equal amount to the TDI Operating Account Fund 36 and a reduction of 5.0 FTEs. This analysis assumes TDLR would receive an additional 5.0 FTE positions at the same cost per fiscal year including all salaries, personnel costs, and wage benefits. Additionally, TDLR would require \$31,230 in start-up costs for equipment for the FTEs in fiscal year 2020. TDLR also estimates approximately 8,000 amusement rides would require the compliance sticker at a cost of approximately \$16,000 per year. The total costs to the General Revenue Fund for implementing the bill's provisions at TDLR would be approximately \$302,397 in fiscal year 2020 and \$271,167 each fiscal year thereafter.

Technology

This analysis estimates a total one-time technology cost of \$8,230 in fiscal year 2020 for computers required to implement the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 454 Department of Insurance

LBB Staff: WP, CMa, SGr, DFR, CP