LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: **HB2667** by Guillen (Relating to the licensing and regulation of certain occupations and activities; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2667, As Introduced: a positive impact of $12,747,360 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	$25,740,628
2021	($12,993,268)
2022	$25,701,012
2023	($13,047,974)
2024	$25,586,962

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Savings from *General Revenue Fund* 1	Change in Number of State Employees from FY 2019
2020	$25,567,628	$173,000	(1.5)
2021	($13,166,268)	$173,000	(1.5)
2022	$25,528,012	$173,000	(1.5)
2023	($13,220,974)	$173,000	(1.5)
2024	$25,413,962	$173,000	(1.5)

Fiscal Analysis

The bill would amend the Education Code related to driver education, instructor licenses and certifications, and alternative methods of driver education instruction. The bill would amend the Occupations Code to make a license issued by the Texas Department of Licensing and Regulation (TDLR) valid for two years from the date of issuance. The bill would also amend the Occupations

Code authorizing a dual beauty shop and massage establishment license; authorizing a licensed barbering or cosmetology school to administer practical examinations; repealing the regulation of orthotic and prosthetic technicians; and, repealing the regulation of mold assessors and remediators. The bill would amend the Insurance Code relating to the deregulation of mold assessors and remediators.

The bill would take effect on September 1, 2019.

Methodology

Driver Education
Based on information provided by TDLR, this analysis assumes the bill would result in a loss of fee revenue of approximately $15,000 per fiscal year due to the removal of the requirement of approval by TDLR for alternative methods of instruction for driver education courses. This analysis assumes the bill's requirement for one driver instructor license and three certifications will take the place of the current instructor licenses with no fiscal impact to the state. The bill would not have an effect on TDLR's workload in this program and no change in full-time-equivalent (FTE) positions is necessary to implement the provisions of the bill related to the driver education program.

Shift to Two-Year Licenses
According to TDLR, the bill's provisions would bring the agency's license programs to 13 programs with two-year licenses, and 24 programs with one-year licenses. Within those one-year license programs there are 99 one-year licenses types. The agency reports that to cover the two-year span as required by the bill, license fees would need to double. This would result in an excess revenue of approximately $26,310,000 in the first year and a loss of revenue of approximately $12,390,000 in the second year. The number of people obtaining new previously one-year licenses would not change in any year, though that revenue would be double. Everyone from the first year would renew in the third year so there would again be an increase in revenue of approximately $26,310,000. The fourth year would again have a decrease in revenue of approximately $12,390,000, which is the license holders from the third year not renewing. The fifth year would again see an increase of $26,310,000 as all license holders from the third year would renew. Based on information provided by the agency, this analysis assumes that the change in timing of the workload in the Licensing Division would not merit a decrease in FTEs since the number of licenses issued is expected to remain the same.

Dual Beauty Shop and Massage Establishment License
Based on comparison with the current dual barber and beauty shop licenses, TDLR estimates the dual beauty shop and massage establishment license would experience a similar pattern of growth. The agency expects the dual fee would be approximately $230 for a new license and $200 for a renewal, resulting in an estimated revenue increase of $28,060 in fiscal year 2020, $130,640 in fiscal year 2021, $147,210 in fiscal year 2022, $277,850 in fiscal year 2023, and $479,790 in fiscal year 2024 to the General Revenue Fund. This would be offset by a corresponding decrease in the number of stand-alone beauty shop and massage establishment licenses. The loss the first year would be approximately $37,332, the second year approximately $173,808, the third year approximately $196,098, the fourth year approximately $375,724, and the fifth year approximately $642,728 to the General Revenue Fund.

According to TDLR, a third-party vendor administers barbering and cosmetology practical exams and recoups its costs from examination fees charged to applicants. If barber and cosmetology schools were to administer exams, there would be no loss of revenue to the state. TDLR would need to monitor the administration of the exams by the schools but this could be accomplished

during required periodic inspections of the schools, and at other times, with existing resources.
Repeal Orthotic and Prosthetic Technicians
TDLR issues very few orthotic and prosthetic technician licenses. The deregulation of this program would result in a revenue loss of approximately $400 per fiscal year to General Revenue.

Repeal Mold Assessor and Remediators
Based on information provided by TDLR, this analysis assumes the deregulation of the mold assessors and remediators program would result in a revenue loss of approximately $717,700 per fiscal year to the General Revenue Fund. TDLR would no longer license the approximately 5,000 individuals and companies which assess and remediate mold, accredit the training providers, or enforce the statute and rules. This would result in savings of $93,000 annually in salary, benefits, and other operating costs, and the loss of 1.5 FTEs each year. Additionally, with the deregulation of the program, there would no longer be a need for TDLR to contract with the Department of State Health Services (DSHS) to conduct the related mold inspections. This results in a savings of $80,000 each year at TDLR and that workload would no longer be required at DSHS.

This analysis assumes that any increased cost to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

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, CLo, SGr, DFR