

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 17, 2019

TO: Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

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

IN RE: HB4519 by King, Ken (Relating to the development of a central filing system by the secretary of state for the filing of financing statements for certain security interests; authorizing fees; providing civil penalties.), **As Introduced**

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

The bill amends the Government Code to establish a statewide filing system for effective financing statements covering farm products and to authorize related fees and establish penalties for noncompliance. The bill would take effect September 1, 2019.

Based on analysis by the Secretary of State, the provisions of the bill relating to a statewide filing system would result in one-time and ongoing costs. The agency estimates it would need 4.0 FTEs to implement the new filing system, maintain United States Department of Agriculture certification, and provide ongoing support for agricultural filers. The estimated fiscal impact is \$755,759 in fiscal year 2021, \$484,766 in fiscal year 2021, and \$331,198 for each year thereafter. This would result in a biennial cost of \$1,240,525 in General Revenue.

Based on information gathered from other states who have implemented similar systems, the Secretary of State estimates that the fee provisions of the bill would generate \$100,000 annually. However, because of uncertainty around the volume of filings, the fee rate, and the number of potential violations, the Comptroller of Public Accounts cannot determine the revenue implications of the bill at this time.

Based on analysis of the Office of the Attorney General, the Texas Department of Agriculture, and the Department of Information Resources, the provisions of the bill relating to agricultural filings could be implemented within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts,
307 Secretary of State, 313 Department of Information Resources, 551
Department of Agriculture

LBB Staff: WP, CMa, NV, JMO