

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

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

**May 23, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

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

**IN RE:** **SB1995** by Birdwell (Relating to the review of certain occupational licensing rules by the office of the governor. ), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1995, As Passed 2nd House: a negative impact of (\$1,006,482) 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.

The Office of the Governor is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Office of the Governor may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

**General Revenue-Related Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b> |
|--------------------|---------------------------------------------------------------------------------|
| 2020               | (\$503,241)                                                                     |
| 2021               | (\$503,241)                                                                     |
| 2022               | (\$503,241)                                                                     |
| 2023               | (\$503,241)                                                                     |
| 2024               | (\$503,241)                                                                     |

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

| <b>Fiscal Year</b> | <b>Probable (Cost) from General Revenue Fund<br/>1</b> |
|--------------------|--------------------------------------------------------|
| 2020               | (\$503,241)                                            |
| 2021               | (\$503,241)                                            |
| 2022               | (\$503,241)                                            |
| 2023               | (\$503,241)                                            |
| 2024               | (\$503,241)                                            |

| <b>Fiscal Year</b> | <b>Change in Number of State Employees from FY 2019</b> |
|--------------------|---------------------------------------------------------|
| 2020               | 4.0                                                     |
| 2021               | 4.0                                                     |
| 2022               | 4.0                                                     |
| 2023               | 4.0                                                     |
| 2024               | 4.0                                                     |

**Fiscal Analysis**

The bill would amend the Occupations Code to create a new subchapter to establish a division within the Office of the Governor to review state agency rules. The Governor is directed to appoint a director of the division who is licensed to practice law and has experience in antitrust law. The bill directs all state agencies that issue a license to any business, occupation, or profession to submit to the new division a proposed rule affecting market competition in this state. These same state agencies must also submit to the division for review any rule that the agency to repeal or readopt, if the rule affects market competition. The bill also gives the new division authority to review any rule that was not submitted for review if the division has reason to believe that the proposed rule may have an anticompetitive market effect. After review, the division must provide to the state agency and make available to the public an explanation of the division's reasons for approving or rejecting the rule. A state agency may not finally adopt or implement a proposed rule required to be submitted for review unless the division has approved the rule.

The bill would take effect September 1, 2019.

**Methodology**

In order to implement the provisions of the legislation, which require the Office of the Governor to create a new division to review certain agency rule making, the Office of the Governor has indicated the need for four FTEs to staff the new division. These FTEs will include one General Counsel V, two General Counsel II, and a Legal Assistant II positions at a total salary cost of \$370,000 per year. The related benefits and payroll contributions for these four FTEs are \$129,241 per year. Additionally, the agency is projecting a yearly cost of \$1,000 per FTE in other related administrative costs. This results in a fiscal impact of \$503,241 each fiscal year for the creation of this new division.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor

**LBB Staff:** WP, JSm, CMa, NV