

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1634 by Lucio III (Relating to the regulation of call centers; providing a civil penalty.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1634, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

Estimated Two-year Net Impact to General Revenue-Dedicated Fund 36 : an impact of (\$608,942) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Dept Ins Operating Acct 36</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$307,471)	4.0
2023	(\$301,471)	4.0
2024	(\$301,471)	4.0
2025	(\$301,471)	4.0
2026	(\$301,471)	4.0

Fiscal Analysis

The bill would amend the Business & Commerce Code relating to the regulation of call centers and providing a civil penalty. The bill would require a call center, under certain circumstances, to notify the Texas Department of Insurance (TDI) if the call center plans to terminate customer service positions in Texas and relocate those positions outside the United States. A business that violates this requirement would be liable for a civil penalty

not to exceed \$10,000 for each day that the business is in violation.

Methodology

The bill does not provide TDI with a mechanism to determine the applicable call centers subject to this subchapter. The department would not have a way to determine if businesses were out of compliance. Based on information provided by the Texas Department of Insurance, the agency would base its list of call centers on the notice requirement included in the bill. The agency would request each taxing jurisdiction to report subsidies granted to any companies operating a call center, requiring a data call to an estimated 3,681 taxing jurisdictions twice a year. The agency would then compare this data with the data on call centers that have terminated or relocated positions as described in the bill.

Based on information provided by TDI, the agency assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished with an additional 4.0 FTEs (Program Specialists) and \$0.3 million in General Revenue-Dedicated Fund 36 per fiscal year. Due to the self-leveling nature of the TDI operating account Fund 36, any additional appropriations made from the account would be considered in the annual adjustment of the maintenance tax rates. Therefore, the overall revenue into the TDI operating account will be equal to the expenses and no net change in fund balance would occur.

Based on information provided by the Comptroller of Public Accounts, the amount and timing of any penalty revenue collected or public subsidies returned is unknown; therefore, revenue implications of the bill cannot be determined.

Technology

The bill would result in anticipated technology impacts of \$6,000 in General Revenue-Dedicated Fund 36 in fiscal year 2022.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Admin, 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: JMc, SZ, MB, MPUK