

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 14, 2021**

**TO:** Honorable Senfronia Thompson, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3357** by Landgraf (Relating to the licensing and regulation of child swim schools; imposing penalties, including administrative penalties; authorizing fees.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3357, As Introduced : an impact of \$0 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 (Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$2,038,402)	\$2,038,402	31.5
2023	(\$2,247,824)	\$2,247,824	31.5
2024	(\$2,247,824)	\$2,247,824	31.5
2025	(\$2,247,824)	\$2,247,824	31.5
2026	(\$2,247,824)	\$2,247,824	31.5

**Fiscal Analysis**

The bill would amend the Health and Safety Code to regulate certain child swim schools under the Mitchell Chang Swim School Safety Act. The Texas Commission of Licensing and Regulation (Commission) would set license, application, and renewal fees in amounts necessary to cover the costs of administering the program. A person who violates the provisions of the bill or a rule adopted under the provisions of the bill would be subject to an administrative penalty or other penalties and enforcement action. A person who operates a swim school would not be required to hold a license before January 1, 2022. The bill would take effect September 1, 2021, except for provisions related to administrative penalties which would take effect January 1, 2022.

## **Methodology**

According to the Texas Department of Licensing and Regulation (TDLR), it is estimated that there are 6,000 entities in Texas that would meet the definition of a swim school under the provisions of the bill. This definition may include recreational centers of local governments, as well as summer camps and fitness centers.

TDLR estimates it would need a total of 31.5 full-time equivalent (FTE) positions to implement the provisions of the bill to regulate swim schools in the state. These FTEs would be responsible for processing the complex applications for swim school operator licenses from approximately 6,000 operators and their more than 18,000 employees, respond to customer service contacts, conduct annual inspections, track all violations that require remedies, follow up on remediation, enter the results in the online database, receive and investigate complaints and reports of serious incidents, provide administrative support to program staff, perform background checks, maintain the case management system, and establish the minimum safety requirements for swim schools. The General Counsel III position would also draft the memoranda of understanding with the Department of Family and Protective Services to allow TDLR to obtain information from the abuse and neglect registry and with the Department of Public Safety to allow TDLR to display criminal conviction information on the searchable database as required by the bill. The total cost to the General Revenue Fund for the FTEs would be \$1,938,402 in fiscal year 2022 and \$2,247,824 in each fiscal year thereafter.

TDLR does not have a database to contain or display the information as required by the bill. According to TDLR, the agency would need \$100,000 in General Revenue Funds in fiscal year 2022 for IT staff augmentation to build the searchable system for TDLR's website and create links to extract information from the licensing system and case management system, as well as create databases that contain operator criminal convictions, results of inspections conducted, and listings of inspections results which were cured within five business days by the owner.

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.

## **Technology**

According to TDLR, the agency would need \$100,000 in General Revenue Funds in fiscal year 2022 for IT staff augmentation to build the searchable system for TDLR's website.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 452 Dept of License & Reg

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