

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 25, 2025

TO: Honorable Jay Dean, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2563 by Ashby (Relating to establishment of the temporary prescribed burn manager self-insurance pool; authorizing a fee.), **As Introduced**

The fiscal implications of the bill cannot be determined due to a lack of data on prescribed burn losses by prescribed burn managers in the state and the number of prescribed burn managers that would participate in the program being unknown.

The bill would require the Texas A&M Forest Service (TAMFS) to administer a prescribed burn manager self-insurance program that identifies and evaluates risks arising from prescribed burns, maintains a loss-prevention and loss-control program to reduce such risks, consolidates and administers prescribed burn risk management and self-insurance programs, and provides prescribed burn self-insurance coverage to provide general liability coverage for prescribed burns conducted by a prescribed burn manager. The bill would set this program to expire September 1, 2040.

The bill would establish the Prescribed Burn Manager Self-Insurance Fund as an account in a depository selected by the board of regents of The Texas A&M University System. The fund would be composed of legislative appropriations not to exceed \$25.0 million, fees collected by TAMFS from participating prescribed burn managers, and interest on money in the fund. The bill would authorize TAMFS to assess and collect a reasonable fee from participating prescribed burn managers to provide self-insurance coverage.

It is assumed that TAMFS would cover all annual operating costs with the premiums paid by the participating prescribed burn managers, however, TAMFS indicates that a minimum appropriation of \$6.0 million would be needed as an initial reserve for claims to establish and operate the program. This amount is equivalent to three times the maximum loss amount defined in Natural Resources Code, Section 153.082.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 551 Department of Agriculture, 576 Texas A&M Forest Service, 710 Texas A&M University System Administrative and General Offices

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