

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 17, 2025

TO: Honorable Dade Phelan, Chair, House Committee on Licensing & Administrative Procedures

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4215 by Hunter (relating to the regulation of delivery network companies; requiring an occupational permit; authorizing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4215, Committee Report 1st House, Substituted: a positive impact of \$820,000 through the biennium ending August 31, 2027.

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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$445,000
2027	\$375,000
2028	\$375,000
2029	\$375,000
2030	\$375,000

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2026	(\$80,000)	\$525,000
2027	\$0	\$375,000
2028	\$0	\$375,000
2029	\$0	\$375,000
2030	\$0	\$375,000

Fiscal Analysis

The bill would amend the Occupations Code to expand the Transportation Network Companies Chapter to include delivery network companies as a regulated entity by the Texas Department of Licensing and Regulation (TDLR). The bill defines a delivery network company as a business entity that offers or uses a digital network to arrange for the delivery of food, beverages, or consumer goods from a restaurant or retail establishment to a delivery customer and does not include an entity that only delivers products that the entity produces or stores on the entity's premises. Delivery network companies would be required to receive a permit from TDLR before conducting any business and would required to implement certain policies regarding the delivery persons the company could contract or employ.

The bill would take effect September 1, 2025.

Methodology

Based upon analysis provided by the TDLR, this estimate assumes additional resources would be needed to implement the provisions of the bill. To add a new permit type to the agency's licensing system, the agency must issue a change order to the database vendor at a cost of \$80,000. This estimate assumes that the TDLR could perform the necessary licensing and enforcement duties with existing resources. TDLR estimates approximately 50 delivery network companies that would be required to be permitted, but if the actual number is significantly larger, the agency may require additional resources to implement the provisions of the bill.

Based upon analysis provided by TDLR and the Comptroller of Public Accounts, delivery network companies would be subject to the existing fee schedule for transportation network companies. Under current rule, a delivery network company would pay a fee of \$10,500 for initial permit and \$7,500 for renewal. This would result revenue collection of \$525,000 in the first year and \$375,000 each following year to the credit of the General Revenue Fund.

Technology

This estimate assumes that to implement the provisions of the bill, TDLR would require \$80,000 to issue a change order to their database vendor to add delivery network companies to the agency's licensing system.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

LBB Staff: JMc, TUf, GDZ, BFa