

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 30, 2025

**TO:** Honorable Jeff Leach, Chair, House Committee on Judiciary & Civil Jurisprudence

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

**IN RE: SB29** by Hughes (relating to the formation, governance, and internal management of domestic entities.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB29, Committee Report 2nd House, Substituted: a negative impact of (\$2,266,005) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to<br><i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026               | (\$1,752,965)  |
| 2027               | (\$513,040)  |
| 2028               | (\$513,040)  |
| 2029               | (\$513,040)  |
| 2030               | (\$513,040)  |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from<br><i>General Revenue Fund</i><br>1 | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|--|---|
| 2026               | (\$1,752,965)  | 5.0   |
| 2027               | (\$513,040)  | 5.0   |
| 2028               | (\$513,040)  | 5.0   |
| 2029               | (\$513,040)  | 5.0   |
| 2030               | (\$513,040)  | 5.0   |

Fiscal Analysis

The bill would establish a provision for curing certain business registration submissions that do not conform to law that would preserve the initial date of filing. The agency would be required to assess whether these rejected submissions were eligible to be cured under the terms of the bill.

According to the Secretary of State (SOS), the agency currently employs a two-step process for business registrations. First, a submission that conforms to law is filed and assigned a date of filing. Second, a submission that does not conform to law is rejected for revision and a resubmission of this filing would be assigned a date of filing conforming to this resubmission date. The agency's Business Entity Secured Transaction (BEST) system, and its modernization replacement, are designed to implement this existing process.

**Methodology**

According to SOS, to assess whether submissions are eligible to be cured, a team would be required to assess initially rejected applications. The agency assumes that eligibility to cure submissions would also increase the number of inquiries related to business submissions. The agency estimates that these new duties and anticipated increase in activity would require 5.0 FTEs: four Program Specialist IV (\$66,255 per year) and one Attorney IV (\$124,606 per year) for a total salary cost of \$389,626 per fiscal year. Associated benefits and other costs for these positions would be \$123,414 per year and there would be an additional one-time set up cost of \$39,925 in fiscal year 2026.

In addition to personnel costs, the agency estimates there would be \$1,200,000 in costs related to modification of the BEST system.

According to the Office of Court Administration, no significant fiscal impact to the court system is anticipated.

**Technology**

The SOS is currently implementing a redesign of the BEST system with an estimated completion date of Summer 2026. The agency assumes that the change in business processes related to the bill would be implemented only in the modernized system.

The new curing procedure would require SOS to amend the scope of work on the in-development modernization project. SOS estimates that it would take one month to evaluate how to build the new curing application, three months to build the application, and one month of support following the release of curing functionality (estimated for September 2026).

The agency anticipates a cost of \$200,000 per month based on currently contracted rates for these modifications for a total technology cost of \$1,200,000. This estimate assumes that some of the changes associated with the curing process could be developed in parallel with the rollout of the modernized system.

**Local Government Impact**

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

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 307 Secretary of State

**LBB Staff:** JMc, KDw, GP, CMA, WP, LCO