

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 12, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1642 by Schwertner (relating to the administration of the Texas Department of Insurance, including the appointment of the state commission of insurance.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1642, Committee Report 1st House, Substituted: an impact of \$0 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	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Dept Ins Operating Acct 36</i>	Probable Revenue Gain/(Loss) from <i>Dept Ins Operating Acct 36</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,149,749)	\$1,149,749	8.0
2027	(\$1,614,502)	\$1,614,502	8.0
2028	(\$1,614,502)	\$1,614,502	8.0
2029	(\$1,614,502)	\$1,614,502	8.0
2030	(\$1,614,502)	\$1,614,502	8.0

Fiscal Analysis

The bill would amend the Insurance Code to change the leadership structure of the Texas Department of Insurance (TDI) from a governor-appointed Commissioner of Insurance to three governor-appointed commissioners to serve on a Commission of Insurance in staggered terms of six years. Additionally, the bill would require TDI to employ an executive director and any additional staff necessary to carry out the duties of the newly-formed commission.

The bill would take effect on September 1, 2025, but the Commission of Insurance would not be formed until January 1, 2026.

Methodology

Based on information provided by the Department of Insurance, this estimate assumes the agency would require 8.0 additional full-time equivalent (FTE) positions to implement the provisions the bill. The agency anticipates needing 2.0 Commissioner FTEs (\$234,324 each year with \$70,110 in estimated benefits per position) to serve on the commission in addition to the agency's current single commissioner, 1.0 Deputy Director FTE (\$225,000 each year with \$67,320 in estimated benefits) to act as the executive director of the agency, 3.0 Director FTEs (113,278 each year with \$33,892 in estimated benefits) as support staff for each of the commissioners, and 2.0 Program Specialist (\$94,925 with \$28,401 in estimated benefits) to serve under the new commission and the executive director. An additional \$25,149 would be necessary annually to cover operating expenses of the new staff and a one-time cost of \$16,064 in fiscal year 2026 for onboarding expenses. Under the bill's provisions, the additional commissioners and supporting staff would not begin employment until January 1, 2026; therefore, this estimate prorates annual costs in fiscal year 2026.

This estimate assumes that any appropriations made to implement the provisions of the bill would be appropriated from the Department of Insurance Operating Account Fund 36. This account is a self-leveling account and any expenditure increases would be reflected in the annual adjustment of the maintenance tax rates for insurance carriers. Therefore, the overall revenue into the account will equal expenses.

According to the analysis of the Trusteed Programs, any additional workload as a resulting of the implementation of the bill can be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 454 Department of Insurance

LBB Staff: JMc, RStu, GDZ, BFa, NV