LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 27, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB319** by Watson (Relating to the continuation and functions of the State Board of Veterinary Medical Examiners; authorizing a reduction in fees; providing penalties.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB319, Conference Committee Report: an impact of $0 through the biennium ending August 31, 2019.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	$0
2019	$0
2020	$0
2021	$0
2022	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Savings/(Cost) from Appropriated Receipts 666	Probable Revenue Gain/(Loss) from Appropriated Receipts 666
2018	($73,775)	$73,775	($306,000)	$306,000
2019	($73,775)	$73,775	($20,000)	$20,000
2020	($73,775)	$73,775	($20,000)	$20,000
2021	($73,775)	$73,775	($20,000)	$20,000
2022	($73,775)	$73,775	($20,000)	$20,000

Fiscal Year	Change in Number of State Employees from FY 2017
2018	1.0
2019	1.0
2020	1.0
2021	1.0
2022	1.0

Fiscal Analysis

The bill would amend the Occupations Code relating to the continuation and functions of the State Board of Veterinary Medical Examiners (SBVME); authorizing a reduction in fees; providing penalties. The bill would eliminate provisions that prohibit SBVME from setting fees below a specific amount. The bill would continue SBVME for four years, until September 1, 2021.

The bill would require that an applicant for licensure submit fingerprints to SBVME or the Department of Public Safety (DPS) for the purpose of a criminal history record check from the DPS and Federal Bureau of Investigation. The bill would allow SBVME to enter into an agreement with DPS to administer the criminal history check and authorize DPS to collect from applicants an amount to cover the costs incurred by the agency in conducting the criminal history check.

The bill would permit SBVME to extend the validity of a license issued by the agency from one year to two years through board rule. The bill would eliminate the requirement of the agency to include a limit on the time a license holder may remain on inactive status.

The bill would require require SBVME to adopt a schedule of penalties, disciplinary actions, and other sanctions to be imposed appropriately to the type of violation or conduct that is the basis for disciplinary action.

The bill would require SBVME to periodically check prescribing information submitted by licensees to the TSBP in the PMP to determine whether a licensee is engaging in potentially harmful prescribing patterns or practices. The bill would require SBVME, in coordination with TSBP, to determine conduct that constitutes such patterns or practices. The bill would permit SBVME, if it suspects that a licensee is engaging in such patterns or practices, to notify the licensee and to initiate a complaint against the licensee.

The bill would require SBVME to conduct a risk-based inspection of a veterinarian's practice based on information obtained from the veterinarian or another source concerning the veterinarian's prescription of controlled substances.

The bill would establish regulations for veterinarians or local rabies control authorities to document and identify certain quarantined animals and to notify the owners of the quarantined animal.

The bill would modify the exemptions of the applicability of Chapter 801, Occupations Code. The bill would require the Sunset Advisory Commission to conduct a special-purpose review of SBVME for the 87th Legislature.

Except as other specified by the bill, the bill would take effect on September 1, 2017.

Methodology

The provisions of the bill would result in a total cost of $73,775 in General Revenue in fiscal year 2018 and following fiscal years. According to SBVME, an additional Investigator FTE would be needed to comply with provisions of the bill that require SBVME to conduct risk-based inspections of veterinarian practices. SBVME estimates annual costs of $54,000 in salaries and wages for an Investigator FTE, $810 in insurance and retirement costs, and $18,965 in other benefits costs.

SBVME is statutorily required to generate sufficient revenue to cover operational costs. This analysis assumes that any increased cost to SBVME would be offset by an increase in fee-generated revenue.

Based on information provided by the TSBP, it is assumed the periodic check of prescribing information to determine whether a licensee is engaging in potentially harmful prescribing patterns or practices must be conducted by the administrator of the program at TSBP. Based on LBB analysis of TSBP, duties and responsibilities associated with implementing the provisions of this bill could be accomplished by utilizing existing resources.

Based on information provided by the Comptroller of Public Accounts (CPA) and SBVME, approximately 10,600 current licensees would need to obtain a background check upon renewal in fiscal year 2018 and 750 new applicants would need to obtain a background check in each fiscal year beginning in fiscal year 2018. Therefore, revenue in this analysis includes revenue attributed to current licensees without a fingerprint-based background check and new applicants as reported by the CPA. This analysis assumes that the implementation of the requirement of current licensees to obtain background checks would be done in fiscal year 2018 to meet the requirements for the bill. DPS charges applicants $27 to perform a finger-print based background check to cover the cost to DPS to obtain state and national criminal history record information. Based on the number of renewals and applicants and assumed implementation of the requirement, it is estimated that there will be a revenue increase to Appropriated Receipts at DPS of $286,000 in FY2018 (for current licensees to obtain background checks) and $20,000 (for new licensees) in each fiscal year beginning in fiscal year 2018, offset by an equal cost of Appropriated Receipts at the agency in each fiscal year to perform the background check.

This analysis assumes that removing the agency's statutorily set fee floor would not have a significant impact on revenues to the state. This analysis assumes the elimination of a time limit a license holder may hold an inactive license would not result in a significant impact on revenues to the state. This analysis assumes that SBVME's adoption of administrative penalties and other sanctions could result in a change in revenue to General Revenue. Because the amount of penalties and sanctions that may be assessed is unknown, the fiscal impact cannot be calculated.

State Office of Administrative Hearings and Office of Attorney General anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 356 Texas Ethics Commission, 360 State

Office of Administrative Hearings, 405 Department of Public Safety, 407 Commission on Law Enforcement, 515 Board of Pharmacy, 578 Board of Veterinary Medical Examiners

LBB Staff: UP, EK, SZ, EH, GGo