

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 25, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2833 by Driver (Relating to the licensing and regulation of certain private security services.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2833, As Passed 2nd House: a positive impact of \$479,032 through the biennium ending August 31, 2009.

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
2008	\$239,516
2009	\$239,516
2010	\$239,516
2011	\$239,516
2012	\$239,516

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from TEXAS MOBILITY FUND 365
2008	\$239,516	(\$70,870)
2009	\$239,516	(\$57,870)
2010	\$239,516	(\$57,870)
2011	\$239,516	(\$57,870)
2012	\$239,516	(\$57,870)

Fiscal Analysis

The bill would amend multiple provisions of Chapter 1702, Occupations Code relating to the licensing and regulation of certain private security services. The bill would modify criteria for eligibility with regard to criminal convictions by reducing the ineligibility period for felonies and Class A misdemeanors and providing for Board discretion related to Class B misdemeanors and prohibit sex offenders from receiving licenses except under certain conditions. Under the provisions of the bill persons applying for a security officer commission would be ineligible if the person is unable to possess a firearm, unable to exercise sound judgment in the use of a firearm, is a fugitive, is chemically dependant, or is under certain protective orders. The bill would also clarify administrative procedures related to disciplinary actions. Civil penalties for unlicensed activity would also be increased under the provision of the bill. The bill would provide funding for the continued education of certain peace officers. The bill adds policies and procedures regarding the denial, suspension, or

revocation of a state-issued license if the applicant for the license makes a false statement or misrepresentation or refuses to provide information. The bill states provisions for a computerized victim notification system to certain state agencies and to counties. The bill also provides an exemption for certain disabled veterans from the fees required for the issuance of a personal identification certificate. The bill would also repeal the following sections of the Occupations Code: 1702.2225, 1702.407, 1702.408, 1702.409, 1702.410, 1702.411, and 1702.412.

Methodology

Regarding the section relating to the licensing and regulation of certain private security services, the bill would increase the maximum civil penalty for related violations from \$1,000 to \$10,000 for each violation. The bill would also impose a \$10,000 fine per violation for any person who contracts with or employs a person knowing that the person does not hold the required license. The Texas Department of Public Safety (DPS) reports that 40 criminal cases were filed against companies and individuals operating without a license during 2006. DPS estimates that 15% would operate without a license each year, resulting in six violations per year. The bill would allow the DPS to assess a fine to both the person hiring or contracting an unlicensed person to perform work and the person performing the work. DPS estimates this would result in 12 fines per year (six fines assessed to those hiring unlicensed individuals and six unlicensed individuals performing the work), resulting in an annual increase to the General Revenue Fund of \$120,000 (12 x \$10,000).

The bill would also increase administrative fines from \$200 to \$500. DPS reports a total of \$239,031 (651 administrative fines of various amounts) was paid to the General Revenue Fund during calendar year 2006. DPS estimates a 50 percent increase in the total amount of administrative fines collected. DPS estimates that this would result in an estimated yearly increase to the General Revenue Fund of \$119,516 ($\$239,031 \times 50$ percent). The total estimated increase as a result of the provisions of the bill would be \$239,516 in fiscal year 2008 and each subsequent fiscal year.

Regarding the section relating to and exemption for certain disabled veterans from the fees required for the issuance of a personal identification certificate, as of January 2007, The Veterans Administration estimates that the number of disabled veterans with service related disabilities of at least 60% or greater is 72,076. However, it is assumed that not all disabled veterans will apply for an identification card. DPS estimates that 14,788 disabled veterans with existing driver licenses and 18,707 veterans with 100 percent disability who can receive a military identification card at no cost will not require a DPS identification card totaling 38,581 individuals not requiring an identification card ($72,076 - 14,788 - 18,707 = 38,581$). In addition, DPS states the current ratio of identification card holders to driver license holders is 25 percent leaving 28,936 individuals accessing a DPS identification card ($38,581 - 9,645 = 28,936$). This analysis assumes it is not necessary for every disabled veteran to request an identification certificate each year and it is assumed that it would take a total of five years for all disabled veterans to request an identification certificate (28,936 veterans / 5 years = 5,787 veterans per year). At a cost of \$10.00, it is further assumed that the bill would result in an annual revenue loss of \$ 57,870 per year ($5,787 \times \$10 = \$57,870$).

Technology

No significant fiscal implications to technology is anticipated.

Local Government Impact

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

Source Agencies: 405 Department of Public Safety

LBB Staff: JOB, ES, GG, LG, LM