

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 20, 2007**

**TO:** Honorable Joe Driver, Chair, House Committee on Law Enforcement

**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. ), **Committee Report 1st House, As Amended**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2833, Committee Report 1st House, As Amended: 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:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative)<br/>Impact to General Revenue Related<br/>Funds</b> |
|--------------------|---|
| 2008               | \$239,516   |
| 2009               | \$239,516   |
| 2010               | \$239,516   |
| 2011               | \$239,516   |
| 2012               | \$239,516   |

**All Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Revenue Gain/(Loss) from<br/>GENERAL REVENUE FUND<br/>1</b> |
|--------------------|---|
| 2008               | \$239,516   |
| 2009               | \$239,516   |
| 2010               | \$239,516   |
| 2011               | \$239,516   |
| 2012               | \$239,516   |

**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 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**

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.

## **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