

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

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 16, 2003**

**TO:** Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1487** by Driver (relating to the licensing and regulation of certain electricians; providing penalties. ), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1487, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2005.

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
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

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

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$2,055,395)	\$2,055,395	32.0
2005	(\$1,854,677)	\$1,854,677	32.0
2006	(\$1,854,677)	\$1,854,677	32.0
2007	(\$1,854,677)	\$1,854,677	32.0
2008	(\$1,854,677)	\$1,854,677	32.0

**Fiscal Analysis**

The bill would require the Department of Licensing and Regulation to examine and license electricians, to establish financial responsibility requirements for electrical contractors, and to establish reciprocity requirements. The nine-member Board would serve without compensation except for reimbursement of expenses and would be able to hire an executive director and staff. In addition, the Board would be allowed to collect fees to cover the costs of administering examinations and issuing licenses and license renewals.

The bill would take effect September 1, 2003.

## Methodology

It is estimated the cost to General Revenue to implement the provisions of the bill would be \$2,055,395 in fiscal year 2004 and \$1,854,677 in each year thereafter, supporting 32 FTEs in each year. These costs would be recovered through the collection of examination and license fees.

There are approximately 72,049 electricians working in the state of Texas. It is assumed that between 75-80 percent of these electricians would be licensed by the Texas Department of Licensing and Regulation (TDLR) and that all costs and revenues associated with passage of the bill would flow through General Revenue.

TDLR would need \$200,718 for equipment in fiscal year 2004 for the 32 FTEs and \$13,877 per year for travel to conduct site visits.

It is assumed TDLR would adjust fees to offset any costs associated with the implementation of the bill.

## Local Government Impact

No significant fiscal implication to units of local government is anticipated. Municipalities would still be able to require their own licenses if they chose to; however, the license would be valid only in the municipality or region in which the license was issued, or in a municipality or region under a reciprocal agreement.

The City of Weatherford (population 20,000, annual budget \$19.6 million) reported that if the bill were implemented, a small revenue loss would result, but the loss would be offset by savings in staff time to administer licensing.

The cities of Dallas, Rio Grande, and Waco each reported an insignificant fiscal impact. The Texas Municipal League also reported that most municipalities would incur an insignificant fiscal impact, because the fees charged by municipalities solely cover expenses to run the licensing program.

**Source Agencies:** 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation, 320 Texas Workforce Commission

**LBB Staff:** JK, JO, JRO, RT, RB, KG