

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 9, 2003

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SB1176** by Harris (relating to the regulation of roofing contractors; providing penalties.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB1176, 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 Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2003
2004	\$89,960	(\$89,960)	1.0
2005	\$89,913	(\$89,913)	2.0
2006	\$142,866	(\$142,866)	2.8
2007	\$142,866	(\$142,866)	2.8
2008	\$142,866	(\$142,866)	2.8

Fiscal Analysis

The bill would require the Department of Licensing and Regulation to license roofing contractors and provides for criminal and administrative penalties. It would authorize rule making and a six member advisory board. It would also require the agency to provide examinations for each class of license, verify insurance requirements are met, recognize or approve continuing education classes required for renewal, provide an on-line directory of licensees, and investigate consumer complaints. The bill would authorize the agency to enter into contracts with other agencies to enforce the law and rules.

Applicants who have been certified by a trade association recognized by the agency could be grandfathered into licensure without examination if they apply by September 1, 2004, and applicants who

have not been certified by a trade association but have been working in the industry for the past five years would be licensed upon application, but must pass the appropriate exam(s) by September 1, 2005 to keep the license. Roofing contractors who collect less than \$250,000 in revenue per year would be exempt from licensure.

The bill would take effect September 1, 2003.

Methodology

The Department of Licensing and Regulation anticipates a regulated population of about 3,500 individuals with approximately 3,150 renewals and 350 new licensees each year. The agency would require \$36,960, along with 0.75 Administrative Technician II FTEs and 0.25 Accountant II FTE, each year to process the additional license population.

The agency anticipates that complaints would be received starting in fiscal year 2005 when the sections of the bill relating to standards and complaints take effect. The agency assumes there would be 150 complaints filed in fiscal year 2005 and 300 filed in each year thereafter. The agency assumes that 5 percent of complaints received would generate a hearing. In fiscal year 2005 the agency anticipates 8 complaints and in each year thereafter the agency anticipates 15 complaints. The agency would require \$52,953, along with 0.25 Investigator IV FTE, 0.5 Legal Assistant III FTE, and 0.25 Attorney IV FTE in fiscal year 2005; and \$105,906, along with 0.5 Investigator IV FTE, 0.25 Administrative Technician III FTE, 0.5 Legal Assistant III FTE, and 0.5 Attorney IV FTE in each year thereafter to process the additional complaints.

The agency would be required to develop two exams and translate each into Spanish for a total cost of \$53,000 in FY 2004.

It is assumed the agency would adjust fees to offset any costs associated with implementing the provisions of the bill.

Technology

The agency would require additional funding for computers and related equipment for the additional FTEs.

Local Government Impact

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

Source Agencies: 452 Department of Licensing and Regulation

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