

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

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

**April 9, 2007**

**TO:** Honorable Helen Giddings, Chair, House Committee on Business & Industry

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

**IN RE: HB222** by Solomons (Relating to property owners' associations.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB222, As Introduced: a positive impact of \$198,751 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	\$51,184
2009	\$147,567
2010	\$147,567
2011	\$147,567
2012	\$147,567

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$348,816)	\$400,000	6.0
2009	(\$252,433)	\$400,000	5.5
2010	(\$252,433)	\$400,000	5.5
2011	(\$252,433)	\$400,000	5.5
2012	(\$252,433)	\$400,000	5.5

**Fiscal Analysis**

The bill would amend the Property Code and the Local Government Code relating to property owners associations. The bill would require property owners associations to annually file certain information with the Texas Real Estate Commission (TREC). The bill would also require TREC to post the information on its website and authorize TREC to promulgate rules to implement this legislation. In addition the bill authorizes TREC to charge a property owners association an amount necessary to cover the cost of implementing the section that is not more than \$50. If an association fails to timely file the information, TREC may impose an administrative penalty not to exceed \$2,500.

Each property owners association is required to provide the information to TREC not later than March 1, 2008. Sections 3 and 4 of this bill take effect immediately if it receives a vote of two-thirds of all

the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Sections 3 and 4 of this Act take effect September 1, 2007. All other sections of this Act take effect September 1, 2007.

### **Methodology**

Based on the analysis provided by TREC, it is assumed that there are 20,000 registered property owners associations in Texas. According to TREC this information was obtained through sources within the industry and the office of the Texas Secretary of State. For the purposes of this analysis the fee for each property owners association would be \$20 annually based on information provided by TREC. No revenue has been estimated for administrative penalties because of lack of a basis to estimate the number who would not be filing timely. It is further assumed that 6.0 full-time-equivalents (FTEs) would be required to implement the provisions of this bill and that this would decrease to 5.5 FTEs each subsequent year. A full-time programmer will be required for fiscal year 2008 and reduced to half-time in subsequent years. TREC also assumes costs for additional rent space, office equipment, utilities, other operating expenses and benefits (at 28.29 percent) in the amounts of \$141,380 in fiscal year 2008; \$76,502 in fiscal year 2009; \$78,053 in fiscal year 2010; \$79,651 in fiscal year 2011; and \$82,991 in fiscal year 2012.

### **Technology**

Technology costs are estimated to be \$86,526 in 2008; \$33,900 in 2009; \$34,827 in 2010; \$35,782 in 2011; \$36,765 in 2012, and \$37,778 in 2013. According to TREC, a full-time programmer at \$60,000 a year will be required for fiscal year 2008 and reduced to half-time in subsequent years. Additional technology costs also include making upgrades to the agency's communication line and purchasing a new server.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 329 Real Estate Commission

**LBB Staff:** JOB, JRO, MW, DB, NV