

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 17, 2007

TO: Honorable David Swinford, Chair, House Committee on State Affairs

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

IN RE: HB326 by Leibowitz (Relating to fees authorized by the Texas Residential Construction Commission Act.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB326, As Introduced: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1
2008	(\$400,000)	\$894,660	(\$494,660)
2009	(\$400,000)	\$894,660	(\$494,660)
2010	(\$400,000)	\$894,660	(\$494,660)
2011	(\$400,000)	\$894,660	(\$494,660)
2012	(\$400,000)	\$894,660	(\$494,660)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	4.0
2009	4.0
2010	4.0
2011	4.0
2012	4.0

Fiscal Analysis

The bill would amend the Property Code to prohibit the Texas Residential Construction Commission (TRCC) from charging a homeowner or builder a fee in connection with a complaint, request, or other proceeding under TRCC's complaint process, state-sponsored inspection and dispute resolution process, or statutory warranty and building performance standards. The bill would repeal Section 426.004 of the Property Code relating to TRCC's authority to assess fees to cover the expense of the third-party inspector.

The bill would take effect on September 1, 2007.

Methodology

Based on estimates provided by TRCC and the Comptroller of Public Accounts, it is assumed the elimination of fees assessed on homeowners and builders for third-party inspections would result in a loss to the General Revenue Fund of \$400,000 each year.

TRCC estimates that inspection requests to the commission would increase by approximately 500 per year due to the elimination of the inspection fee, which would also increase the number of inspection appeals and summaries to be processed. Based on TRCC's analysis, it is assumed the commission would require two additional Program Specialist I positions (2.0 FTEs; \$42,754/year, each) for processing the additional requests; one additional Administrative Assistant II (1.0 FTE; \$29,799/year) to process an increased number of appeals; and one additional Attorney II (1.0 FTE; \$53,596/year) for review of the summaries. Employee benefits costs associated with the four new positions is estimated to be \$47,777 each year (28.29 percent of salaries). Additional costs would include \$8,000 each year for leasing of computer equipment, software, and technical support, and \$20,000 each year for other operating expenses.

Based on the analysis of TRCC, it is assumed the increase in inspection requests would require an additional \$250,000 per year in expenses for third-party inspections.

It is assumed the commission would assess or increase registration fees in an amount sufficient to recover any additional costs associated with implementing the provisions of the bill.

Technology

Technology costs associated with the implementation of the bill are estimated to be \$8,000 each year for the leasing of computer equipment, software, and technical support.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 370 Residential Construction Commission

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