

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 15, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1530 by Flores (Relating to the regulation of the sale and inspection of real estate and residential service contracts.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB1530, As Passed 2nd House: 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)<br>Impact to General Revenue Related<br>Funds |
|-------------|--|
| 2008        | \$0  |
| 2009        | \$0  |
| 2010        | \$0  |
| 2011        | \$0  |
| 2012        | \$0  |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from<br>GENERAL REVENUE<br>FUND<br>1 | Probable Revenue Gain<br>from<br>GENERAL REVENUE<br>FUND<br>1 | Change in Number of State<br>Employees from FY 2007 |
|-------------|--|---|---|
| 2008        | (\$4,508,787)  | \$4,508,787   | 2.0   |
| 2009        | (\$4,195,425)  | \$4,195,425   | 2.0   |
| 2010        | (\$3,274,425)  | \$3,274,425   | 2.0   |
| 2011        | (\$3,130,425)  | \$3,130,425   | 2.0   |
| 2012        | (\$3,274,425)  | \$3,274,425   | 2.0   |

Fiscal Analysis

The bill would amend the Occupations Code relating to the regulation of the sale and inspection of real estate and residential service contracts.

The bill requires the Texas Real Estate Commission (TREC) to conduct a criminal history check for issuing or renewing a license. The bill also states that TREC may enter into an agreement with the Department of Public Safety (DPS) to administer a criminal history check and authorizes DPS to collect from each applicant the costs incurred by the department in conducting the criminal history check. The bill would also require TREC to adopt rules necessary to implement the provisions of the bill.

This bill would take effect September 1, 2007.

### **Methodology**

TREC anticipates that it will require a contract programmer for 26 weeks at a rate of \$63 per hour to make the required programming changes to the licensing database. TREC estimates a total cost of \$65,520 in fiscal year 2008 for this purpose. In addition, the agency reports that it would require two additional employees, an attorney and a legal assistant to review and process the information received from the more extensive criminal background checks. TREC estimates a total cost of \$114,267 in 2008 for salaries and start-up costs and \$100,425 in 2009-2012.

For the purpose of this analysis it is assumed that TREC has approximately 26,000 new applicants, approximately 8,000 late renewals each fiscal year and approximately 77,000 renewals in even numbered years and 71,000 renewals in odd numbered years. The total number of licenses is estimated at 111,000 in even numbered years and 105,000 in odd numbered years.

Based on information provided by DPS it is also assumed that Fingerprint-based CHRI searches cost \$39 per search for new applications submitted in fiscal year 2008-2012. Fingerprint-based CHRI searches cost \$39 for renewal applications submitted in FY 2008 and FY 2009. CHRI searches conducted in FY 2010 and after will cost \$24 for each new applicant and late renewal application.

Based on the analysis provided by TREC, it is assumed that the agency would adjust license fees to cover any additional costs associated with the implementation of this bill.

### **Technology**

TREC estimates that technology costs would total \$69,562 in fiscal year 2008 for the acquisition of computer equipment for the two additional employees plus the contract programmer for 26 weeks.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 329 Real Estate Commission, 405 Department of Public Safety

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