

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

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

**March 19, 2007**

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

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

**IN RE: HB2008** by Smith, Todd (Relating to the regulation of residential construction and the authority of the Texas Residential Construction Commission.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2008, As Introduced: a negative impact of (\$794,528) 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	(\$414,334)
2009	(\$380,194)
2010	(\$380,194)
2011	(\$380,194)
2012	(\$380,194)

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1
2008	(\$813,879)	\$399,545
2009	(\$779,739)	\$399,545
2010	(\$779,739)	\$399,545
2011	(\$779,739)	\$399,545
2012	(\$779,739)	\$399,545

Fiscal Year	Change in Number of State Employees from FY 2007
2008	8.5
2009	8.5
2010	8.5
2011	8.5
2012	8.5

## **Fiscal Analysis**

The bill would amend various sections of the Property Code relating to the authority of the Texas Residential Construction Commission (TRCC) and the regulation of residential construction. The bill would increase disciplinary powers, including the authority to award damages to a homeowner, and grants TRCC the authority to seek injunctive relief. The bill would require the Attorney General to institute and conduct a lawsuit at the request of TRCC and specifies that the suit must be brought in Travis County. The bill would allow a homeowner the option to pursue a remedy in court and forgo the state-sponsored inspection and dispute resolution process.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2007.

## **Methodology**

Based on the analysis of TRCC, it is assumed the increased disciplinary powers and other responsibilities associated with implementing the provisions of the bill would require two Attorney IV positions (2.0 FTEs; \$71,284/year, each); one Legal Assistant II (1.0 FTE; \$40,267/year); one Program Specialist II (1.0 FTE; \$47,382/year); increased professional services fees of \$50,000 per year for additional actions at the State Office of Administrative Hearings; and additional costs of \$46,200 per year for consumable supplies and other operating costs. Based on information provided by TRCC, it is assumed the costs of leasing computer equipment, software and support, and enhancements to the commission's database would be \$8,000 each year.

Based on the analysis of the Office of the Attorney General (OAG), it is assumed the implementation of the bill would increase the number of cases submitted to the Administrative Law Division and result in new investigations and cases for the Consumer Protection Division, which would require three Assistant Attorney General IV positions (3.0 FTEs; \$71,284/year, each); Legal Assistant II's (1.25 FTEs; \$40,267/year); a Legal Secretary II (0.25 FTE; \$29,779/year); capital equipment costs of \$34,140 in 2008; and annual travel and operating costs of \$31,718.

Employee benefits costs associated with the additional positions are estimated to be \$65,128 for TRCC and \$76,844 for OAG.

It is assumed TRCC would assess or increase fees in an amount sufficient to recover any costs incurred by the commission to implement the provisions of the bill.

## **Technology**

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

## **Local Government Impact**

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

**Source Agencies:** 302 Office of the Attorney General, 370 Residential Construction Commission

**LBB Staff:** JOB, MW, TG, KJG