

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB2211 by Murphy (Relating to licensing and regulation of automotive shops, automotive technicians, and automotive service writers, advisors, and estimators; providing penalties.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2211, As Introduced: a negative impact of (\$110,818) 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	(\$57,234)
2009	(\$53,584)
2010	(\$53,584)
2011	(\$53,584)
2012	(\$53,584)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2007
2008	(\$6,505,669)	\$6,448,435	81.5
2009	(\$5,500,883)	\$5,447,299	81.5
2010	(\$5,505,022)	\$5,451,438	81.5
2011	(\$5,507,431)	\$5,453,847	81.5
2012	(\$5,506,572)	\$5,452,988	81.5

Fiscal Analysis

The bill would amend the Occupations Code to provide for the licensing and regulation of automotive shops, automotive technicians, and automotive service writers, advisors, and estimators by the Texas Department of Licensing and Regulation (TDLR). The bill would provide TDLR's powers and duties to license and regulate this population, would authorize TDLR to collect fees, and would require the creation of the Automobile Service and Repair Advisory Board.

The bill would provide for automotive shop license requirements, automotive technician certification requirements, and automotive service writer, advisor, and estimator certification requirements.

The bill would authorize TDLR to take disciplinary action and procedures, would provide for a criminal penalty, and would allow the Executive Director of TDLR to issue cease and desist orders, emergency orders, and an order to discontinue utility service to an automotive shop which is operating without a license.

The bill would authorize the State Office of Administrative Hearings (SOAH) to conduct a proceeding for the denial of a license application or disciplinary action and an appeal from that proceeding.

The provisions of the bill which would require an automotive shop license, automotive technician certificate, an automotive service writer, advisor, and estimator certification, and the provision which would provide a criminal penalty would take effect September 1, 2008. The remaining provisions of the bill would take effect September 1, 2007.

Methodology

Based on information provided by TDLR, this analysis assumes that there would be a licensing population of 45,000 automotive shops, 35,000 apprentice automotive technicians, 40,000 journeyman automotive technicians, 30,000 master automotive technicians, 10,000 master collision repair technicians, and 45,000 automotive service writers, advisors, and estimators. It is estimated that TDLR would have a cost associated with licensing and regulating this population. Based on the analysis of TDLR, it is assumed that licensing these automotive shops, automotive technicians, and automotive service writers, advisors, and estimators would necessitate additional resources at a cost of \$11,895,734 through 2009.

TDLR also estimates costs for staff of \$3,175,356 for 81.0 FTEs in each fiscal year from 2008 through fiscal year 2012. Other operating expenses and equipment are estimated at \$2,374,771 in fiscal year 2008, \$1,373,635 in fiscal year 2009, \$1,377,774 in fiscal year 2010, \$1,380,183 in fiscal year 2011, and \$1,379,324 in fiscal year 2012. Estimated costs also include \$898,308 in each fiscal year from 2008 through fiscal year 2012 for associated benefits.

This analysis assumes that any increased costs to TDLR resulting from this bill would be offset by an increase in fee generated revenue.

Based on information provided by SOAH, it is estimated that SOAH would have a cost associated with conducting administrative hearings related to automotive shops, automotive technicians and automotive service writers, advisors, and estimators of \$110,818 through 2009. It is anticipated that there will be 53 hearings in fiscal year 2008 and 40 hearings in each fiscal year from 2009 through fiscal year 2012 as a result of the provisions of this bill.

SOAH also estimates costs for staff of \$40,678 for 0.5 FTEs in each fiscal year from 2008 through fiscal year 2012. Other operating expenses and equipment are estimated at \$5,048 in fiscal year 2008 and \$1,398 in each fiscal year from 2009 through fiscal year 2012. Estimated costs also include \$11,508 in each fiscal year from 2008 through fiscal year 2012 for associated benefits.

Technology

There would be a technology cost to the Department of Licensing and Regulation of \$211,747 in fiscal year 2008, \$13,711 in fiscal year 2009, \$17,850, in fiscal year 2010, \$20,259 in fiscal year 2011, and \$19,400 in fiscal year 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation

LBB Staff: JOB, MW, JRO, AH