

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 24, 2007

TO: Honorable Kevin Bailey, Chair, House Committee on Urban Affairs

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

IN RE: HB3277 by Elkins (Relating to the inspection process for new home construction in a municipality.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would add Section 214.906 to Subchapter Z, Chapter 214 of the Local Government Code to require a municipality to conduct the final inspection of a new residential building in the municipality for compliance with applicable municipal electrical, plumbing, or other construction-related codes before the installation of appliances and air conditioning units and other items that can be easily stolen from the building when it is not occupied. The municipality would be authorized to conduct a subsequent inspection after the building is occupied.

The bill would take effect September 1, 2007.

Local Government Impact

The annual fiscal impact to municipalities would vary depending on the size of the municipality and how many new residential buildings are constructed per year.

According to the City of Austin (2000 census population of 656,562), the number of inspections would increase, resulting in having to add four full-time building inspectors at a cost of \$323,492 in fiscal year 2008, which includes salaries, benefits, capital outlay (trucks, office space, computers, and software), office supplies, and fleet maintenance and fuel costs. This would be a moderate impact to the budget for the affected department.

The City of Waco (2000 census population of 113,726) estimates that provisions of the bill would double the number of inspections conducted per year. In fiscal year 2006, the city conducted 548 inspections. While no dollar estimates were provided, the city indicates there would be increased costs as a result of implementing provisions of the bill.

The City of Sherman (2000 census population of 35,082) estimates the city would need to hire two additional building inspectors at a cost of \$107,550 in fiscal year 2008; the cost would increase incrementally each year thereafter to approximately \$123,400 by fiscal year 2012. These amounts would be significant for the specific department's budget. The city anticipates there would be an insignificant amount of revenue gains, approximately \$15,000 per year, to offset the costs because of charging for the inspections.

The City of Kingsville (2000 census population of 25,575) indicated the bill would not have a fiscal impact on the city's budget.

Source Agencies:

LBB Staff: JOB, DB