

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB1854 by Davis, John (Relating to the registration of roofing contractors; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1854, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

This 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 |
|-------------|--|
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1 | Change in Number of State Employees from FY 2009 |
|-------------|---|---|---|
| 2010 | (\$491,758) | \$491,758 | 7.0 |
| 2011 | (\$533,575) | \$533,575 | 8.0 |
| 2012 | (\$524,661) | \$524,661 | 8.0 |
| 2013 | (\$524,586) | \$524,586 | 8.0 |
| 2014 | (\$524,274) | \$524,274 | 8.0 |

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation (TDLR) to register and regulate roofing contractors and roofing business entities. The bill would authorize TDLR to collect fees for certificates for eligible roofing contractors and businesses. The bill would also require TDLR to recognize, prepare or administer continuing education programs for certificate holders. The bill would establish eligibility requirements for a certificate of registration, including insurance requirements, renewal and continuing education requirements, and criminal history background checks.

The bill would take effect September 1, 2009. TDLR would be required to adopt rules by January 1,

2010, and the requirement to hold a certificate of registration take effect March 1, 2010.

Methodology

TDLR anticipates registering 2,800 roofing contractors and 1,232 roofing businesses in 2010. In each subsequent year, TDLR anticipates registering 3,500 contractors and 1,540 businesses. TDLR estimates receiving 217 complaints in 2010, and 272 complaints in each subsequent year, resulting in 7 to 9 administrative hearings.

Based on information provided by TDLR, it is assumed that an additional 7 FTEs would be needed in fiscal year 2010 to handle the volume of registrations and complaints: 4 administrative assistants to process complicated license applications, 1 legal assistant for enforcement purposes, 0.5 investigator for enforcement purposes, 0.5 attorney for enforcement purposes, and 1 program specialist to provide technical expertise for compliance. It is also assumed that 1 additional administrative assistant would be required beginning in fiscal year 2011 and in each subsequent year. Other costs associated with the registration of the roofing contracting population would include DPS criminal history check fees and imaging costs for required documents submitted by applicants.

This analysis assumes that any increased costs to the agency, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

LBB Staff: JOB, JRO, MW, ES