

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

TO: Honorable Joe Deshotel, Chair, House Committee on Business & Industry

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

IN RE: HB2699 by McClendon (Relating to the licensing and regulation of certain builders.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2699, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from General Revenue Fund 1
2010	\$0	\$0
2011	(\$50,000)	\$50,000
2012	(\$265,000)	\$265,000
2013	(\$265,000)	\$265,000
2014	(\$265,000)	\$265,000

Fiscal Analysis

The bill would amend the Property Code to require a person to hold a license rather than a certificate of registration with the Texas Residential Construction Commission (TRCC) in order to engage in business as a builder or act as a builder in Texas. The bill would require each applicant for an individual builder license to take a licensing examination prescribed by TRCC, effective on September 1, 2011. The bill would require the examination to be prepared by TRCC or by a multistate contractor licensing association approved by TRCC. The bill would require TRCC to ensure that the examination is administered in various locations throughout the state. The bill would authorize TRCC to grant a provisional license to an applicant who meets certain criteria specified by the bill.

Except as otherwise provided by the bill, the bill would take effect on September 1, 2009.

Methodology

Based on the analysis of TRCC, it is assumed the agency would incur a cost of \$50,000 in fiscal year 2011 to contract with a multistate contractor licensing association to prepare the new builder examination. It is also assumed TRCC would incur costs of \$200,000 each year for administering the exam at multiple locations around the state and an additional \$65,000 each year for consumable supplies, database programming and maintenance, and travel expenses beginning in fiscal year 2012. It is assumed TRCC would assess and collect fees sufficient to offset the additional costs associated with implementing and administering the examination.

Based on the analysis of TRCC, it is assumed any other costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Technology

Technology costs associated with implementing the bill are estimated to be \$15,000 each year for database programming, software, and maintenance.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 370 Residential Construction Commission

LBB Staff: JOB, JRO, MW, TG