

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 21, 2009**

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

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

**IN RE: HB3182** by Thompson (Relating to consumer protection for and remedies available to a homebuyer whose home does not comply with certain warranties; providing an administrative penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3182, 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 <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$490,520)	\$490,520	8.0
2011	(\$516,346)	\$516,346	10.0
2012	(\$513,346)	\$513,346	10.0
2013	(\$516,346)	\$516,346	10.0
2014	(\$516,346)	\$516,346	10.0

**Fiscal Analysis**

The bill would amend the Property Code relating to consumer protection for and remedies available to a homebuyer whose home does not comply with certain warranties; providing an administrative penalty. Under the bill, a final administrative order is subject to judicial review, and appeals may be removed to the Third Court of Appeals in certain cases.

This bill would take effect September 1, 2009.

## **Methodology**

For the purposes of this analysis, TREC assumes it could receive 2,500 complaints in FY2010 and 2,750 complaints in FY2011. It is assumed the same volume would continue for each year thereafter. Based on the projected increase in workload to TREC, it is assumed an additional 8 FTEs would be needed in the first year to implement the program which would include: a Program Administrator, Attorney, Legal Assistant, 2 Investigators, 2 Administrative Assistants, and a Communications Specialist. In subsequent years TREC would require 2 additional FTEs including an additional Investigator and Administrative Assistant.

It is also estimated that one additional 1-800 line would be required at an annual cost of \$5,400 and \$200 installation the first year. This analysis assumes 3 investigators would work from home offices in select locations within the state, but additional lease space will need to be acquired at the current location at the current rate of \$16.85 per square foot annually for the additional staff.

Based on the analysis of the TREC, it is assumed that the agency would adjust license fees to cover any additional costs associated with the implementation of this bill.

Based on the analysis of the Office of Court Administration, Office of the Attorney General, State Office of Administrative Hearings and the Residential Construction Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

## **Technology**

Technology costs would include computer hardware and software for new employees.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 329 Real Estate Commission, 360 State Office of Administrative Hearings, 370 Residential Construction Commission

**LBB Staff:** JOB, JRO, MW, NV, ACa