

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: HB3436 by Hamilton (Relating to the licensing and regulation of plumbers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3436, 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 Revenue Gain from <i>General Revenue Fund</i> 1 | Probable (Cost) from <i>General Revenue Fund</i> 1 | Change in Number of State Employees from FY 2009 |
|-------------|---|--|---|
| 2010 | \$43,375 | (\$43,375) | 0.3 |
| 2011 | \$67,500 | (\$67,500) | 1.0 |
| 2012 | \$67,500 | (\$67,500) | 1.0 |
| 2013 | \$67,500 | (\$67,500) | 1.0 |
| 2014 | \$67,500 | (\$67,500) | 1.0 |

Fiscal Analysis

The bill would amend the Occupations Code to change the plumbing license requirements. The Board of Plumbing Examiners indicates that the changes would result in an increase in licensed Master Plumbers and Plumbing Apprentices. The bill would require the agency to adopt rules to implement the provisions of the bill.

The changes in plumbing license requirements would only apply to applications submitted for new licenses, license renewals, or certifications on or after January 1, 2010.

The bill would take effect on September 1, 2009.

Methodology

Based on the analysis by the Board of Plumbing Examiners, it is estimated that 500 additional Master Plumbers and 500 Apprentices would become licensed in FY2010-11. It is assumed that the Board would adjust their license and renewal fees to cover the costs associated with implementing the provisions of the bill.

The agency indicates that implementation of this bill would require 1 FTE, a field representative and investigator, for the last quarter of FY2010 and all of FY2011, to regulate the increased number of licensed plumbers. The cost of the FTE in 2010 would be \$13,750 for salary and associated costs, \$23,000 for a vehicle, \$3,500 for one-time equipment costs, \$2,500 for fuel and travel expenses, and \$625 for other operating expenses. The on-going expenses for the 1.0 FTE in 2011-14 would be \$55,000 for salary, \$10,000 for fuel and travel expenses, and \$2,500 for other operating expenses.

This analysis assumes that any increased costs resulting from the implementation of the provisions of this bill would be offset with fee-generated general revenue.

Technology

No technology impact is anticipated.

Local Government Impact

The bill would require a municipality or a political subdivision that hires a plumbing contractor to accept the plumbing contractor's permit application, registration, required fees, and issue the permit electronically. A political subdivision or municipality would be required to verify a plumbing contractor has a certificate of insurance on file with the board through the board's Internet website.

There could be costs to local entities required to establish Internet capabilities to accept and process registrations, permit applications, and verification of certificates of insurance electronically. A local entity that does not have Internet capabilities or services in their area could incur a larger expense to comply with the provisions of the bill.

Source Agencies: 456 Board of Plumbing Examiners

LBB Staff: JOB, JRO, MW, CH, TP, DB