

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 21, 2011

TO: Honorable Eddie Lucio Jr., Chair, Senate Committee on International Relations & Trade

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

IN RE: HB1604 by Guillen (Relating to the regulation of land development, including county building code standards for new residential construction, and sales in certain counties and municipalities; providing penalties.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to remove the ability for a county to impose a higher standard for streets or roads in a subdivision than the county imposes on itself for the construction of new streets or roads. The bill would include procedures and requirements regarding plats; and notices regarding water and wastewater requirements for counties that sell real property for residential use.

The bill would authorize certain attorneys with felony responsibilities or a county attorney to take any action necessary in a court of competent jurisdiction on behalf of the state, an affected county subject to this subchapter, or affected residents to recover funds paid to the subdivider or agent of the subdivider, with interest; freeze the assets or void or rescind contracts. If the state or a county is party to the claim, funds recovered must be divided between affected residents and the governmental entity or entities with 50 percent paid to each.

The bill would amend Chapter 233 of the Local Government Code to grant certain counties additional powers regarding building code standards for new residential construction in an unincorporated area. The bill would authorize a county to regulate a triplex in a residential dwelling.

A county could, by order, establish a building permit requirement to ensure safe and uniform building standards and collect a fee not to exceed \$500 per application for deposit in the county's general fund to be used only for the building permit program. A county would be required to use an inspector certified by the International Code Council for building inspections. A utility could not serve or connect utilities to a new residential project until certified by the commissioners court.

The bill would create a Class B misdemeanor offense for multiple convictions of poor building standards and would authorize certain persons to enforce the standards. The bill would establish certain exceptions to the building code standard requirements. A Class B misdemeanor is punishable by a fine of not more than \$2,000, confinement in jail for a term not to exceed 180 days, or both.

A county could not apply for or receive state money to remediate or mitigate substandard housing associated with new residential construction on or after September 1, 2011, unless Subchapter F is adopted by a county.

The bill would amend the Water Code to require a municipality or a county to adopt the model rules pursuant to Section 16.343(g) before an application for funds may be considered by the Texas Water Development Board. Under current statute, a political subdivision is required to adopt the model rules pursuant to this section before receiving funds under the provisions.

Local Government Impact

There could be costs to a county to establish a building code standards program. In addition, there could be a positive fiscal impact to a county that established a program and received state funding for substandard housing and revenue from a building permit fee, but the amounts would vary depending on the amount of the fee imposed and the number of permits issued. It is assumed that a county would establish a building code standards program and charge the maximum allowable permit fee of \$500 to defray costs if sufficient funds were available or the net fiscal impact would be positive.

Costs associated with enforcement, prosecution, and confinement could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal implication.

Source Agencies:

LBB Staff: JOB, KM, SD, TP, KKR