

BILL ANALYSIS

Senate Research Center
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S.B. 672
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Industrialized housing consists of residential structures that are constructed using modular components and transported to and erected on permanent foundations (Section 1202.002 (Definition of Industrialized Housing), Occupations Code). Similarly, industrialized buildings are commercial structures that are constructed using modular components and transported to commercial sites where they are installed (Section 1202.003 (Definition of Industrialized Building), Occupations Code). Like other structures, industrialized housing and industrialized buildings must comply with building codes and other requirements designed to ensure occupant safety. The Texas Department of Licensing and Regulation (TDLR) is the state agency designated to ensure that industrialized housing and industrialized building manufacturers comply with these and other statutory requirements.

TDLR is tasked with reviewing all industrialized housing and industrialized building designs, plans, and specifications to ensure their compliance with the applicable set of building codes. Under current law, TDLR (or its approved design review agency) must stamp every page of a design document in order to indicate its compliance with statutory requirements. As these documents are often hundreds of pages in length, and the cost of this review and stamping is passed to the manufacturer, this requirement is overly burdensome.

In addition to its design review responsibilities, TDLR (or an approved third-party inspector) and municipal building officials are also tasked with conducting on-site inspections of industrialized housing and industrialized buildings that have been erected on their respective sites. As the law currently stands, TDLR and municipal building officials can conduct these inspections to ensure compliance with the designs, which reflect adherence to the relevant set of building codes, at virtually any time after the industrialized housing or building structure's installation. This authority is overly burdensome on industrialized housing manufacturers specifically, as it makes the task of assessing liability very difficult given the fact that a manufacturer could be liable to make repairs pursuant to an inspection that occurs years after a home's completion.

S.B. 672 amends Sections 1202.155 (Council Stamp of Approval) and 1202.252 (Municipal Regulation of Industrialized Housing), Occupations Code, to replace the requirement that TDLR or its approved design review agency stamp every page of industrialized housing and building designs with language that simply requires the approval of the designs, plans, or specifications.

In addition, S.B. 672 inserts a new section into Chapter 1202 (Industrialized Housing and Buildings), Occupations Code, to limit the time period within which the Texas Commission on Licensing and Regulation and TDLR can inspect, investigate, open a complaint, initiate an enforcement action, or impose a penalty against a manufacturer, builder, or third-party inspector of industrialized housing to one year, beginning on the date of the final on-site inspection of an erected house.

As proposed, S.B. 672 amends current law relating to the regulation of industrialized housing and buildings.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 1202, Occupations Code, by adding Section 1202.107, as follows:

Sec. 1202.107. **LIMITATION ON CERTAIN ACTIONS.** Prohibits the Texas Commission of Licensing and Regulation (TCLR) or the Texas Department of Licensing and Regulation (TDLR), notwithstanding any other law, from performing an inspection or investigation, opening a complaint, initiating an administrative or enforcement action, or imposing a penalty against a manufacturer, builder, or third-party inspector of industrialized housing after the first anniversary of the date of the final on-site inspection of the industrialized housing conducted under Section 1202.203 (On-Site Inspections).

SECTION 2. Amends Section 1202.155, Occupations Code, as follows:

Sec. 1202.155. **New heading: COUNCIL APPROVAL.** Requires TDLR or the approved design review agency to approve, rather than place the Texas Industrialized Building Code Council's (council) stamp of approval on each page of, the designs, plans, and specifications of industrialized housing and buildings that:

- (1) meet or exceed the code standards and requirements under council interpretations and instructions; and
- (2) are approved by TDLR or design review agency.

Deletes existing Subsection (a) designation and Subsection (b) requiring that each page of the designs, plans, and specifications to bear the council's stamp of approval if the designs, plans, and specifications satisfy the requirements of Subsection (a)(1) and are approved in accordance with Subsection (a)(2).

SECTION 3. Amends Section 1202.252(a), Occupations Code, to authorize a municipality that regulates the on-site construction or installation of industrialized housing and buildings to establish certain procedures, including to require and review, for compliance with mandatory building codes, a complete set of designs, plans, and specifications approved by the council, rather than bearing the council's stamp of approval, for each installation of industrialized housing or buildings in the municipality.

SECTION 4. Provides that Section 1202.107, Occupations Code, as added by this Act, applies only to a complaint, administrative action, or enforcement action regarding industrialized housing that is the subject of an on-site inspection under Section 1202.203, Occupations Code, conducted on or after the effective date of this Act.

SECTION 5. Effective date: September 1, 2013.