

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 26, 2013

TO: Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB613** by Orr (Relating to the regulation of foundation repair contractors; providing a penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB613, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$500,001)	\$500,001	7.0
2015	(\$439,051)	\$439,051	7.0
2016	(\$439,051)	\$439,051	7.0
2017	(\$439,051)	\$439,051	7.0
2018	(\$439,051)	\$439,051	7.0

Fiscal Analysis

The bill would amend the Occupations Code to establish the regulation of foundation repair contractors. The bill would require the Department of Licensing and Regulation (TDLR) to establish procedures for licensing and enforcement of foundation repair contractors that entails an application process, establishing licensing fees, criminal history background checks, examinations, exemptions, rules, the initial makeup of the advisory board, and qualifications for master and journeyman licenses. The bill would also establish administrative penalties and make it a Class C misdemeanor if a person knowingly engages in foundation repair without holding a license.

The bill would require rules to be established by February 1, 2014 and would allow the Texas Commission on Licensing and Regulation to begin issuing licenses on March 1, 2014. The bill would not require persons to obtain a license until September 1, 2014.

The bill would take effect September 1, 2013.

Methodology

Information and estimates provided by TDLR were used as the basis of developing this analysis. TDLR estimates the population of foundation repair contractors that would be eligible for licensing under the provisions of the bill to be 6,100. TDLR anticipates that 340 complaints each year would be received which would result in 13 hearings each year.

Based on information provided by TDLR, it is assumed that \$500,001 in fiscal year 2014 and \$439,051 in each subsequent year to fund an additional 7.0 FTEs would be necessary to license, regulate and enforce the provisions of the bill. These amounts include salary and benefit costs, rent for space for the additional FTEs, travel, equipment, computer technology equipment, and other operating expenses.

The licensing fees that would be established under the provisions of the bill would be collected by TDLR and deposited to the credit of the General Revenue Fund. Since TDLR is statutorily required to cover the cost of its operations with fee generated revenue, it is assumed that the agency would adjust fees as necessary to cover all costs associated with implementing the provisions of the bill.

This analysis does not include any revenue impacts from administrative penalties under the provisions of the bill because this impact cannot be determined.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

LBB Staff: UP, RB, MW, CWS, KKR