

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3029 by Frullo (Relating to air conditioning and refrigeration contracting and the education and certification of air conditioning and refrigeration technicians.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3029, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2019.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$2,828
2022	\$10,553

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from General Revenue Fund 1	Probable Revenue (Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	\$0	\$0	\$0	0.0
2019	(\$123,168)	\$175,668	(\$52,500)	2.0
2020	(\$109,635)	\$194,760	(\$85,125)	2.0
2021	(\$109,635)	\$204,544	(\$92,081)	2.0
2022	(\$109,635)	\$219,951	(\$99,763)	2.0

Fiscal Analysis

The bill would amend Chapter 1302 relating to air conditioning and refrigeration contracting and the education and certification of air conditioning and refrigeration technicians.

The bill would repeal the current certified registered technician license type and replace it with a certified technician license type, which requires more education or experience. The bill would also require TDLR to accept or approve the education providers or verify the required work experience of the applicant. New certified technician applications would be submitted to the department beginning September 1, 2018.

The new certified technicians would be required by rule to complete continuing education, and TDLR would be required to approve and verify these programs and the applicants' continuing education hours.

The bill would change the prohibition on using the services of a person who is not a registered or certified technician, or licensed air conditioning and refrigeration contractor, to include a designated type of student who performs work in that student capacity. The bill would add that a person commits an offense if the person knowingly engages in air conditioning maintenance and is not a student of the designated type.

The bill repeals the authority for a municipality to charge a fee to a person who obtains a license under the statute and is then required to provide notice to the municipality authority that enforces air conditioning and refrigeration contracting.

The bill would allow a certified registered technician registration issued before September 1, 2018 to continue in existence based on the former statute.

The bill would take effect on September 1, 2017.

Methodology

TDLR currently issues about 1,500 new certified registered technician registrations each year. The population of new certified registered technicians has been increasing about five percent per year; renewing certified registered technicians have increased at about 14 percent per year. Those that have the current certification can continue to renew their certification indefinitely, which would have no fiscal impact, but all new applicants after September 1, 2018 would be subject to the new certification requirements and fees.

It is assumed the number of applicants for the new certification would initially be the same. TDLR assumes the initial certification fees would increase from \$35 to \$85, since the process for each application would now include review of education, experience and examination results. The net impact of the gain from the new application fee and the loss of the old application fee would yield a gain of \$75,000 in fiscal year 2019, and increase to \$86,822 in fiscal year 2022 with the five percent growth rate.

Renewal fees would also increase from \$20 to \$35. The net impact of the gain from the new application fee and the loss of the old application fee would yield a gain of \$22,500 for fiscal year 2020 and increase to \$29,241 in fiscal year 2022 with the 14 percent growth rate.

TDLR estimated that 55 providers would offer a continuing education course. The estimated fee for course approval would be \$100, and \$75 for renewals. Assuming renewals and continuing education programs would begin in fiscal year 2020, altogether these fees would yield a gain of \$5,500 in fiscal year 2020 and \$4,125 per fiscal year for 2021 and beyond.

According to TDLR, the increase in application review and questions about and assistance with

the new application process would necessitate an increase of one FTE for the licensing division and one FTE for the customer service division, beginning fiscal year 2019. For fiscal year 2019, the cost would be \$76,140 in salaries and wages, \$27,882 in associated benefits, 13,746 in one time equipment costs and continuing at \$213 each fiscal year thereafter, and \$5,400 in rent and other operating expenses.

Fee revenue at levels assumed by TDLR would not cover the costs of operation for fiscal year 2019 and 2020 by \$51,053. However, because TDLR is statutorily required to generate sufficient revenue to cover its costs of operation, it is assumed this additional fee revenue would be generated across other programs for fiscal year 2019 and 2020.

Local Government Impact

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

Source Agencies: 452 Department of Licensing and Regulation

LBB Staff: UP, SD, JQ, CL, EH