

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 8, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

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 Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3029, As Engrossed: a positive impact of \$115 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	\$115
2020	\$13,328
2021	\$21,053
2022	\$29,488

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	(\$88,494)	\$123,494	(\$35,000)	1.5
2019	(\$109,635)	\$184,875	(\$75,125)	2.0
2020	(\$109,635)	\$215,044	(\$92,081)	2.0
2021	(\$109,635)	\$230,451	(\$99,763)	2.0
2022	(\$109,635)	\$247,383	(\$108,260)	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 and requires the Texas Department of Licensing and Regulation (TDLR) to verify that the applicant has passed a competency exam. The bill would also require TDLR to approve and monitor the education providers or verify the required work experience of the applicant. New certified technician applications would be submitted to the department beginning January 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 allow a certified registered technician registration issued before January 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 January 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, but because of the January 1, 2018 start date, only two thirds of applicants in the first year would apply for the new certification.

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 \$50,000 for the applicable part of fiscal year 2018, \$78,750 in fiscal year 2019, and increase to \$91,163 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 \$15,000 for fiscal year 2019 and increase to \$33,335 in fiscal year 2022 with the 14 percent growth rate.

TDLR estimates 70 educational programs would meet the qualifications for approval, and estimated these programs can be reviewed with existing resources. The estimated fee for program approval is \$300, and \$150 for renewals. 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 2019, altogether these fees would yield a gain of \$21,000 in fiscal year 2018, \$16,000 in fiscal year 2019, and \$14,625 per fiscal year for 2020 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 January 1, 2018. For fiscal year 2018, this start date would result in a cost of \$50,760 in salaries and wages, \$18,588 in associated

benefits, \$13,746 in one time equipment costs, and \$5,400 in rent and other operating expenses. For fiscal year 2019 and beyond, the cost would be \$76,140 in salaries and wages, \$27,882 in associated benefits, and \$5,613 in rent and other operating expenses.

Due to the delayed implementation date and start up costs, fee revenue at levels assumed by TDLR would not cover the costs of operation for fiscal year 2018 by \$17,949. 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 2018.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation

LBB Staff: UP, CL, EH, JQ