

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 30, 2017

TO: Honorable John Kuempel, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3293 by Capriglione (Relating to the voluntary certification of roofing companies by the Texas Department of Licensing and Regulation; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3293, As Introduced: a positive impact of \$1,551 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	(\$283)
2019	\$1,834
2020	\$1,834
2021	\$1,834
2022	\$1,834

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	\$154,440	(\$154,723)	2.4
2019	\$181,818	(\$179,984)	3.0
2020	\$181,818	(\$179,984)	3.0
2021	\$181,818	(\$179,984)	3.0
2022	\$181,818	(\$179,984)	3.0

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation (TDLR) to develop a voluntary certification program for roofing companies. The bill would exempt a person who

performs roofing services for new construction or remodeling of a commercial or residential structure from the statute.

The bill would authorize the TDLR to establish reasonable and necessary fees in amounts sufficient for the administration of the statute.

The bill would authorize the executive director to issue a certificate, which expires on the first anniversary of the date it was issued, to a roofing company that meets the requirements of certification.

The bill would require the department to revoke a certificate if the department determines that the certificate holder's right to transact business in this state under a certificate of status issued by the secretary of state has terminated, or the certificate holder has failed to maintain required insurance. The bill specifies that a company which is subject to revocation is entitled to a hearing.

The bill would specify that a roofing company that advertises that it is certified by the state commits a false, misleading, or deceptive act or practice within the meaning of the Deceptive Trade Act if the roofing company does not hold a current certificate or the roofing company's certificate issued under this chapter was revoked.

The bill requires the Texas Commission of Licensing and Regulation to adopt rules necessary to implement the statute on or before January 1, 2018. TDLR would issue certificates beginning on or after March 1, 2018. A company would be subject to the deceptive trade provision of the bill on March 1, 2018.

Except as otherwise specified, the bill would take effect on September 1, 2017.

Methodology

TDLR estimates there are 4,662 roofing companies in Texas that would qualify for certification, of which an estimated 50% might choose to seek certification, except that TDLR estimates only 1,980 companies would obtain certification in the available six months of fiscal year 2018. The fee for applicants would be approximately \$78 per year. This would yield a revenue gain of \$154,440 in fiscal year 2018, and \$181,818 per subsequent fiscal year.

TDLR indicates the increase in licensing duties would necessitate a new licensing and permit specialist, who would start in December 2017. TDLR would conduct background checks of roofing company owners through a name-based DPS background check at \$1 per search. Since some companies may be partnerships or corporations that have multiple owners, \$2,500 was included in the costs for the checks in the first year and \$3,000 per year after that. The increase in background checks would necessitate a new 0.5 administrative assistant FTE, who would start in March 2018.

TDLR estimates there would be 10,000-12,000 calls per year from the general public regarding roofing companies, necessitating a new customer service representative, who would start as soon as the bill would take effect. A new part time systems analyst 0.5 FTE would be needed to incorporate the new licenses into TDLR's licensing system and maintain the program in the system. This person would start in December 2017.

Given the start dates of each anticipated employee, costs in fiscal year 2018 would be \$154,723 for 2.4 FTEs, including \$13,749 in one time equipment costs for new staff. This would increase to \$179,984 per subsequent fiscal year, which includes \$120,322 in salaries and wages, \$44,062 in employee benefits, \$9,000 in rent, \$3,600 in other operating expenses.

This analysis assumes any increased cost to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

The State Office of Administrative Hearings, Office of the Attorney General, and Secretary of State anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 307 Secretary of State, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation

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