

SENATE AMENDMENTS

2nd Printing

By: Frullo

H.B. No. 3029

A BILL TO BE ENTITLED

AN ACT

relating to air conditioning and refrigeration contracting and the education and certification of air conditioning and refrigeration technicians.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1302.002, Occupations Code, is amended by amending Subdivision (5-c) and adding Subdivision (5-d) to read as follows:

(5-c) "Certification training program" means a program of education and training that is approved by the department and that includes an apprenticeship program or training program taught by:

(A) a public school;

(B) an institution of higher education, as defined by Section 61.003, Education Code; or

(C) a private or independent institution of higher education, as defined by Section 61.003, Education Code.

(5-d) "Certified technician" means an air conditioning and refrigeration ~~[a registered]~~ technician who is certified by the department ~~[has completed a certification examination]~~.

SECTION 2. Section 1302.1011, Occupations Code, is amended to read as follows:

Sec. 1302.1011. RULES. The commission shall adopt rules:

1 (1) providing for the licensing, certification, and
2 registration of persons under this chapter, including requirements
3 for the issuance and renewal of a contractor license, a technician
4 certification, and a technician registration;

5 (2) establishing fees necessary for the
6 administration of this chapter, including fees for issuance and
7 renewal of a contractor license, a technician certification, and a
8 technician registration; and

9 (3) implementing the requirements of this chapter as
10 applicable to persons, entities, and activities regulated under
11 this chapter.

12 SECTION 3. Section 1302.255(a), Occupations Code, is
13 amended to read as follows:

14 (a) An applicant for a license under this subchapter must:

15 (1) be at least 18 years old; and

16 (2) have:

17 (A) at least 48 months of practical experience in
18 air conditioning and refrigeration-related work under the
19 supervision of a licensed air conditioning and refrigeration
20 contractor in the preceding 72 months; or

21 (B) held a technician certification issued under
22 this chapter for the preceding 12 months and have at least 36 months
23 of practical experience in air conditioning and
24 refrigeration-related work under the supervision of a licensed air
25 conditioning and refrigeration contractor in the preceding 48
26 months.

27 SECTION 4. Section 1302.263, Occupations Code, is amended

1 to read as follows:

2 Sec. 1302.263. LIMITATION ON LICENSE HOLDER. A person
3 licensed as a contractor under this chapter may not:

4 (1) perform or offer or attempt to perform an act,
5 service, or function that is:

6 (A) defined as the practice of engineering under
7 Chapter 1001, unless the person holds a license under that chapter;

8 (B) regulated under Chapter 113, Natural
9 Resources Code, unless the person holds a license or is exempt by
10 rule under that chapter; or

11 (C) defined as plumbing under Chapter 1301,
12 unless the person holds a license under that chapter; or

13 (2) use the services of a person who is not a
14 registered or certified technician or a licensed air conditioning
15 and refrigeration contractor to assist in the performance of air
16 conditioning and refrigeration maintenance work.

17 SECTION 5. Section 1302.402, Occupations Code, is amended
18 to read as follows:

19 Sec. 1302.402. ADMINISTRATIVE PROCEDURES. A proceeding for
20 the denial of a license, certification, or registration application
21 or disciplinary action and an appeal from that proceeding are
22 governed by Chapter 2001, Government Code.

23 SECTION 6. Section 1302.453(a), Occupations Code, is
24 amended to read as follows:

25 (a) A person commits an offense if the person:

26 (1) knowingly engages in air conditioning and
27 refrigeration contracting without holding a license issued under

1 this chapter; or

2 (2) knowingly engages in air conditioning and
3 refrigeration maintenance work without holding a contractor
4 license or a technician registration or certification issued under
5 this chapter.

6 SECTION 7. Section 1302.501, Occupations Code, is amended
7 to read as follows:

8 Sec. 1302.501. REGISTRATION OR CERTIFICATION REQUIRED. (a)
9 A person may not act or offer to act as an air conditioning and
10 refrigeration technician unless the person is registered or
11 certified under this subchapter.

12 (b) An air conditioning and refrigeration technician
13 registration or certification is valid throughout the state.

14 (c) A person is not required to obtain an air conditioning
15 and refrigeration technician registration or certification if the
16 person only assists a licensed contractor in performing:

17 (1) the total replacement of a system; or

18 (2) the installation or repair of a boiler or pressure
19 vessel that must be installed in accordance with rules adopted
20 under Chapter 755, Health and Safety Code.

21 SECTION 8. The heading to Section 1302.503, Occupations
22 Code, is amended to read as follows:

23 Sec. 1302.503. SUPERVISION REQUIREMENTS FOR TECHNICIANS
24 [~~REGISTRANTS~~].

25 SECTION 9. The heading to Section 1302.5035, Occupations
26 Code, is amended to read as follows:

27 Sec. 1302.5035. REGISTRATION ELIGIBILITY REQUIREMENTS.

1 SECTION 10. Subchapter K, Chapter 1302, Occupations Code,
2 is amended by adding Section 1302.5036 to read as follows:

3 Sec. 1302.5036. CERTIFICATION ELIGIBILITY REQUIREMENTS.

4 An applicant for a technician certification under this subchapter
5 must:

6 (1) be at least 18 years old;

7 (2) have completed:

8 (A) in the preceding 48 months a certification
9 training program that:

10 (i) is approved by the department; and

11 (ii) consists of at least 2,000 hours of a
12 combination of:

13 (a) classroom instruction that is
14 taught by an instructor approved by the department; and

15 (b) practical experience in air
16 conditioning and refrigeration-related work under the supervision
17 of a licensed air conditioning and refrigeration contractor; or

18 (B) 24 consecutive months of air conditioning and
19 refrigeration-related work:

20 (i) under the supervision of a licensed air
21 conditioning and refrigeration contractor; or

22 (ii) as part of the applicant's military
23 occupational specialty within the armed forces of the United
24 States; and

25 (3) provide the department with proof that the
26 applicant successfully completed a competency examination as part
27 of a certification training program described by this section or

1 another examination of equal or greater difficulty administered by
2 the department.

3 SECTION 11. Section 1302.504(a), Occupations Code, is
4 amended to read as follows:

5 (a) An applicant for an air conditioning and refrigeration
6 technician registration or certification must submit a verified
7 application on a form prescribed by the executive director.

8 SECTION 12. Subchapter K, Chapter 1302, Occupations Code,
9 is amended by adding Section 1302.5055 to read as follows:

10 Sec. 1302.5055. ISSUANCE AND TERM OF CERTIFICATION. (a)
11 The department shall issue an air conditioning and refrigeration
12 technician certification to an applicant who:

13 (1) submits a verified application;

14 (2) passes a competency examination;

15 (3) meets the requirements of this chapter and the
16 rules adopted under this chapter; and

17 (4) pays the required fees.

18 (b) An applicant who receives a certification under this
19 subchapter may use the designation "certified technician."

20 (c) A certification issued under this subchapter expires on
21 the first anniversary of the date of issuance.

22 SECTION 13. Section 1302.509, Occupations Code, is amended
23 to read as follows:

24 Sec. 1302.509. LIMITATIONS ON TECHNICIAN [~~REGISTRANT~~]. A
25 person registered or certified under this subchapter may not:

26 (1) perform, offer to perform, or attempt to perform
27 an act that is:

1 (A) defined as the practice of engineering under
2 Chapter 1001, unless the person holds a license under that chapter;

3 (B) regulated under Chapter 113, Natural
4 Resources Code, unless the person holds a license under that
5 chapter or is exempt by a rule adopted under that chapter; or

6 (C) defined as plumbing under Chapter 1301,
7 unless the person holds a license under that chapter; or

8 (2) assist a person who is not a licensed air
9 conditioning and refrigeration contractor in the performance of air
10 conditioning and refrigeration maintenance work.

11 SECTION 14. Section 1302.508, Occupations Code, is
12 repealed.

13 SECTION 15. Not later than December 31, 2017, the Texas
14 Commission of Licensing and Regulation shall adopt rules
15 implementing Chapter 1302, Occupations Code, as amended by this
16 Act.

17 SECTION 16. (a) The changes in law made by this Act to
18 Subchapter K, Chapter 1302, Occupations Code, apply only to an
19 application for a technician certification submitted to the Texas
20 Department of Licensing and Regulation on or after January 1, 2018.
21 An application for a technician certification submitted before that
22 date is governed by the law as it existed immediately before the
23 effective date of this Act, and the former law is continued in
24 effect for that purpose.

25 (b) The repeal by this Act of Section 1302.508, Occupations
26 Code, does not affect the validity of a certification issued by the
27 Texas Department of Licensing and Regulation before January 1,

H.B. No. 3029

1 2018, and the former law is continued in effect for the purpose of
2 that certification.

3 SECTION 17. This Act takes effect September 1, 2017.

ADOPTED

MAY 24 2017

Leta Spaw
Secretary of the Senate

By: Whitmore

H.B. No. 3029

Substitute the following for H.B. No. 3029

By: Whit

C.S. .B. No. _____

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7 by amending Subdivision (5-c) and adding Subdivision (5-d) to read
8 as follows:

9 (5-c) "Certification training program" means a
10 program of education and training that:

11 (A) is accepted or approved by the department;
12 and

13 (B) consists of at least 2,000 hours of a
14 combination of:

15 (i) classroom instruction:

16 (a) at a secondary school;

17 (b) at an institution of higher
18 education, as defined by Section 61.003, Education Code; or

19 (c) in an apprenticeship program
20 accepted by the department; and

21 (ii) practical experience in air
22 conditioning and refrigeration-related work under the supervision
23 of a licensed air conditioning and refrigeration contractor.

24 (5-d) "Certified technician" means an air

1 conditioning and refrigeration [~~a registered~~] technician who is
2 certified by the department [~~has completed a certification~~
3 ~~examination~~].

4 SECTION 2. Section 1302.1011, Occupations Code, is amended
5 to read as follows:

6 Sec. 1302.1011. RULES. The commission shall adopt rules:

7 (1) providing for the licensing, certification, and
8 registration of persons under this chapter, including requirements
9 for the issuance and renewal of a contractor license, a technician
10 certification, and a technician registration;

11 (2) establishing fees necessary for the
12 administration of this chapter, including fees for issuance and
13 renewal of a contractor license, a technician certification, and a
14 technician registration; and

15 (3) implementing the requirements of this chapter as
16 applicable to persons, entities, and activities regulated under
17 this chapter.

18 SECTION 3. Section 1302.255(a), Occupations Code, is
19 amended to read as follows:

20 (a) An applicant for a license under this subchapter must:

21 (1) be at least 18 years old; and

22 (2) have:

23 (A) at least 48 months of practical experience in
24 air conditioning and refrigeration-related work under the
25 supervision of a licensed air conditioning and refrigeration
26 contractor in the preceding 72 months; or

27 (B) held a technician certification issued under

1 this chapter for the preceding 12 months and have at least 36 months
2 of practical experience in air conditioning and
3 refrigeration-related work under the supervision of a licensed air
4 conditioning and refrigeration contractor in the preceding 48
5 months.

6 SECTION 4. Section 1302.262(a), Occupations Code, is
7 amended to read as follows:

8 (a) A person who obtains a license under this subchapter
9 shall provide a notice to the municipal authority that enforces air
10 conditioning and refrigeration contracting regulations in the
11 municipality in which the person engages in air conditioning and
12 refrigeration contracting, if the municipality requires the
13 notice.

14 SECTION 5. Section 1302.263, Occupations Code, is amended
15 to read as follows:

16 Sec. 1302.263. LIMITATION ON LICENSE HOLDER. A person
17 licensed as a contractor under this chapter may not:

18 (1) perform or offer or attempt to perform an act,
19 service, or function that is:

20 (A) defined as the practice of engineering under
21 Chapter 1001, unless the person holds a license under that chapter;

22 (B) regulated under Chapter 113, Natural
23 Resources Code, unless the person holds a license or is exempt by
24 rule under that chapter; or

25 (C) defined as plumbing under Chapter 1301,
26 unless the person holds a license under that chapter; or

27 (2) use the services of a person [~~who is not a~~

1 ~~registered technician or a licensed air conditioning and~~
2 ~~refrigeration contractor]~~ to assist in the performance of air
3 conditioning and refrigeration maintenance work unless the person
4 is a:

5 (A) registered or certified technician;

6 (B) licensed air conditioning and refrigeration
7 contractor; or

8 (C) student described by Section 1302.502 who
9 performs the work in that capacity.

10 SECTION 6. Section 1302.402, Occupations Code, is amended
11 to read as follows:

12 Sec. 1302.402. ADMINISTRATIVE PROCEDURES. A proceeding for
13 the denial of a license, certification, or registration application
14 or disciplinary action and an appeal from that proceeding are
15 governed by Chapter 2001, Government Code.

16 SECTION 7. Section 1302.453(a), Occupations Code, is
17 amended to read as follows:

18 (a) A person commits an offense if the person:

19 (1) knowingly engages in air conditioning and
20 refrigeration contracting without holding a license issued under
21 this chapter; or

22 (2) is not a student described by Section 1302.502 and
23 knowingly engages in air conditioning and refrigeration
24 maintenance work without holding a contractor license or a
25 technician registration or certification issued under this
26 chapter.

27 SECTION 8. Section 1302.501, Occupations Code, is amended

1 to read as follows:

2 Sec. 1302.501. REGISTRATION OR CERTIFICATION REQUIRED. (a)
3 Except as otherwise provided by this subchapter, a [A] person may
4 not act or offer to act as an air conditioning and refrigeration
5 technician unless the person is registered or certified under this
6 subchapter.

7 (b) An air conditioning and refrigeration technician
8 registration or certification is valid throughout the state.

9 (c) A person is not required to obtain an air conditioning
10 and refrigeration technician registration or certification if the
11 person only assists a licensed contractor in performing:

- 12 (1) the total replacement of a system; or
13 (2) the installation or repair of a boiler or pressure
14 vessel that must be installed in accordance with rules adopted
15 under Chapter 755, Health and Safety Code.

16 SECTION 9. Subchapter K, Chapter 1302, Occupations Code, is
17 amended by adding Section 1302.502 to read as follows:

18 Sec. 1302.502. EXEMPTION FOR CERTAIN STUDENTS. A person is
19 not required to be registered or certified under this subchapter to
20 act or offer to act as an air conditioning and refrigeration
21 technician if the person:

22 (1) is a student in a certification training program;

23 and

24 (2) is:

25 (A) younger than 18 years of age; or

26 (B) enrolled at a secondary school.

27 SECTION 10. The heading to Section 1302.503, Occupations

1 Code, is amended to read as follows:

2 Sec. 1302.503. SUPERVISION REQUIREMENTS FOR TECHNICIANS
3 [~~REGISTRANTS~~].

4 SECTION 11. The heading to Section 1302.5035, Occupations
5 Code, is amended to read as follows:

6 Sec. 1302.5035. REGISTRATION ELIGIBILITY REQUIREMENTS.

7 SECTION 12. Subchapter K, Chapter 1302, Occupations Code,
8 is amended by adding Section 1302.5036 to read as follows:

9 Sec. 1302.5036. CERTIFICATION ELIGIBILITY REQUIREMENTS.

10 To be eligible for an air conditioning and refrigeration technician
11 certification, an applicant must:

12 (1) be at least 18 years old;

13 (2) have completed:

14 (A) in the preceding 48 months a certification
15 training program; or

16 (B) 24 months of air conditioning and
17 refrigeration-related work:

18 (i) under the supervision of a licensed air
19 conditioning and refrigeration contractor; or

20 (ii) as part of the applicant's military
21 occupational specialty within the armed forces of the United
22 States; and

23 (3) have passed a competency examination
24 administered, recognized, or accepted by the department.

25 SECTION 13. Section 1302.504(a), Occupations Code, is
26 amended to read as follows:

27 (a) An applicant for an air conditioning and refrigeration

1 technician registration or certification must submit a verified
2 application on a form prescribed by the executive director.

3 SECTION 14. Subchapter K, Chapter 1302, Occupations Code,
4 is amended by adding Section 1302.5055 to read as follows:

5 Sec. 1302.5055. ISSUANCE AND TERM OF CERTIFICATION. (a)

6 The department shall issue an air conditioning and refrigeration
7 technician certification to an applicant who:

8 (1) submits a verified application;

9 (2) passes a competency examination;

10 (3) meets the requirements of this chapter and the
11 rules adopted under this chapter; and

12 (4) pays the required fees.

13 (b) An applicant who receives a certification under this
14 subchapter may use the designation "certified technician."

15 (c) A certification issued under this subchapter expires on
16 the first anniversary of the date of issuance.

17 SECTION 15. Section 1302.509, Occupations Code, is amended
18 to read as follows:

19 Sec. 1302.509. LIMITATIONS ON TECHNICIAN [~~REGISTRANT~~]. A
20 person registered or certified under this subchapter may not:

21 (1) perform, offer to perform, or attempt to perform
22 an act that is:

23 (A) defined as the practice of engineering under
24 Chapter 1001, unless the person holds a license under that chapter;

25 (B) regulated under Chapter 113, Natural
26 Resources Code, unless the person holds a license under that
27 chapter or is exempt by a rule adopted under that chapter; or

1 (C) defined as plumbing under Chapter 1301,
2 unless the person holds a license under that chapter; or

3 (2) assist a person who is not a licensed air
4 conditioning and refrigeration contractor in the performance of air
5 conditioning and refrigeration maintenance work.

6 SECTION 16. Sections 1302.262(c) and 1302.508, Occupations
7 Code, are repealed.

8 SECTION 17. Not later than April 1, 2018, the Texas
9 Commission of Licensing and Regulation shall adopt rules
10 implementing Chapter 1302, Occupations Code, as amended by this
11 Act.

12 SECTION 18. (a) The changes in law made by this Act to
13 Subchapter K, Chapter 1302, Occupations Code, apply only to an
14 application for a technician certification submitted to the Texas
15 Department of Licensing and Regulation on or after September 1,
16 2018. An application for a technician certification submitted
17 before that date is governed by the law as it existed immediately
18 before the effective date of this Act, and the former law is
19 continued in effect for that purpose.

20 (b) The repeal by this Act of Section 1302.508, Occupations
21 Code, does not affect the validity of a certification issued by the
22 Texas Department of Licensing and Regulation before September 1,
23 2018, and the former law is continued in effect for the purpose of
24 that certification.

25 SECTION 19. This Act takes effect September 1, 2017.

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 <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 21, 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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3029, Committee Report 2nd House, Substituted: 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.

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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.

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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.

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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, JQ, CL, EH

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 <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

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

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 Introduced**

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