

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 15, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB4226 by Nevárez (Relating to the creation of the Trades Board of the State of Texas; the licensure and regulation of plumbers, electricians, and air conditioning and refrigeration contractors; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4226, As Introduced: a negative impact of (\$663,768) through the biennium ending August 31, 2021.

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 |
|-------------|--|
| 2020 | (\$663,768) |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain from <i>General Revenue Fund</i> 1 | Probable Revenue (Loss) from <i>General Revenue Fund</i> 1 | Probable Savings from <i>General Revenue Fund</i> 1 | Probable Savings from <i>Appropriated Receipts</i> 666 |
|-------------|--|--|---|--|
| 2020 | \$13,121,000 | (\$13,121,000) | \$10,693,916 | \$49,700 |
| 2021 | \$13,121,000 | (\$13,121,000) | \$10,693,916 | \$49,700 |
| 2022 | \$13,121,000 | (\$13,121,000) | \$10,693,916 | \$49,700 |
| 2023 | \$13,121,000 | (\$13,121,000) | \$10,693,916 | \$49,700 |
| 2024 | \$13,121,000 | (\$13,121,000) | \$10,693,916 | \$49,700 |

| Fiscal Year | Probable (Cost) from General Revenue Fund 1 |
|--------------------|--|
| 2020 | (\$11,357,684) |
| 2021 | (\$10,693,916) |
| 2022 | (\$10,693,916) |
| 2023 | (\$10,693,916) |
| 2024 | (\$10,693,916) |

Fiscal Analysis

The bill would establish the Trades Board for the State of Texas (Trades Board) and would transfer the licensing and regulation of plumbers from the Texas State Board of Plumbing Examiners (TSBPE) to the Trades Board, as well as transfer the licensing and regulation of electricians and air conditioning and refrigeration contractors from the Texas Department of Licensing and Regulation (TDLR) to the Trades Board. The Trades Board would set fees in amounts that are reasonable and necessary to license and regulate the three trades.

The bill establishes a memorandum of understanding between the Trades Board and TDLR to share information technology, information on regulatory practices, authorize enforcement officers, and establish circumstances for a joint investigation between the Board and TDLR.

The bill would take effect on September 1, 2019.

Methodology

This analysis assumes the Trades Board would maintain the same fees currently in existence related to the regulation of plumbers, electricians, and air conditioning and refrigeration contractors. Therefore, the transfer of these regulatory programs from TSBPE and TDLR to the Trades Board would result in a loss of revenue to the General Revenue Fund of approximately \$5,251,000 at TSBPE and \$7,870,000 at TDLR, offset by an equal revenue gain of \$13,121,000 in General Revenue at the Trades Board.

The bill would effectively abolish the TSBPE resulting in a cost savings of approximately \$2,604,379 to the General Revenue Fund and \$49,700 in Appropriated Receipts and a reduction of 31.0 full-time equivalent (FTE) positions each fiscal year.

The bill would remove the electrician and air conditioning and refrigeration contractors programs from TDLR resulting in a cost savings of approximately \$8,089,537 to the General Revenue Fund and a reduction of 77.0 FTEs each fiscal year.

This analysis assumes the Trades Board would require the same level of funding these programs are currently receiving at TSBPE and TDLR so the savings above would be offset by costs at the Trades Board of approximately \$11,357,684 in General Revenue in fiscal year 2020, including one-time start-up costs for furniture and technology for the 108.0 new FTEs, and \$10,693,916 in General Revenue each fiscal year thereafter.

This analysis assumes the Trades Board would continue to use the Health Professions Council to maintain the plumbing licenses database services and the TDLR database system for the electrician and air conditioning and refrigeration contractors licenses resulting in significant fiscal impact to the state.

Based on information provided by TDLR, the requirements of the bill related to having a memorandum of understanding and conducting joint investigations with the Trades Board can be accomplished with existing resources.

Based on information provided by the Office of the Attorney General and State Office of Administrative Hearings, the provisions of the bill related to activities performed by those agencies can be absorbed within existing resources.

Technology

This analysis estimates a total one-time technology cost of \$177,768 in fiscal year 2020 for computers required to implement the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 300 Trusted Programs Within the Office of the Governor, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 364 Health Professions Council, 452 Department of Licensing and Regulation, 456 Board of Plumbing Examiners

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