

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 15, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

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

**IN RE:** **SB621** by Nichols (Relating to the transfer of the regulation of plumbing to the Texas Department of Licensing and Regulation, following recommendations of the Sunset Advisory Commission; requiring an occupational license; authorizing a fee.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB621, As Passed 2nd House: a negative impact of (\$83,600) 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	(\$41,800)
2021	(\$41,800)
2022	(\$41,800)
2023	(\$41,800)
2024	(\$41,800)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Appropriated Receipts</i> 666
2020	(\$41,800)	\$0
2021	(\$41,800)	\$0
2022	(\$41,800)	(\$648,897)
2023	(\$41,800)	(\$178,170)
2024	(\$41,800)	\$301,708

**Fiscal Analysis**

This bill would amend Chapter 1301 of the Occupations Code to implement Sunset Commission

recommendations regarding the Texas State Board of Plumbing Examiners (TSBPE) and transfer the regulation of plumbers to the Texas Department of Licensing and Regulation (TDLR) no later than September 1, 2022. The bill would abolish TSBPE but continue in existence until September 1, 2022 for the sole purpose of transferring obligations, property, rights, powers, and duties to TDLR. The bill would establish the Texas Plumbing Advisory Board to provide recommendations to TDLR regarding the administration of this chapter. The bill would authorize TDLR to adopt rules and requirements regarding licensing, examinations, continuing education, and training. The bill would allow TDLR to set fees in amounts reasonable to cover the cost of administering this chapter and to adopt a biennial license or registration renewal schedule.

The bill would amend the Occupations Code relating to the regulation of plumbing, including the requirements to obtain a tradesman plumber-limited license. The bill would waive the apprenticeship registration and tradesman-plumber limited license fees for certain individuals but the revenue loss is not expected to be significant.

The bill would make conforming changes to the Occupations, Education, Government, Health and Safety, Local Government, and Natural Resources Codes. The bill would take effect September 1, 2021.

### **Methodology**

The bill delays the transfer of plumbing regulation to TDLR until no later than September 1, 2022 and this analysis assumes the regulatory operation costs will continue at TSBPE until that date. Based on information provided by TSBPE and TDLR, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources during the 2020-21 biennium.

The abolishment of TSBPE would take effect beginning in fiscal year 2022. Abolishing TSBPE would result in a savings of approximately \$2,864,656 in General Revenue funds and \$49,700 in Appropriated Receipts and 38.0 full-time equivalent (FTE) positions beginning in fiscal year 2022 and each fiscal year thereafter. The savings would be offset by a cost in an equal amount at TDLR to implement the provisions of the bill for regulating the plumbing profession, including the transfer of 38.0 FTEs. Although the bill allows the transfer of the regulation of plumbing to be postponed until September 1, 2022, this analysis anticipates that TDLR will be ready to begin regulating plumbers as of September 1, 2021. This analysis also assumes revenue collections for plumbing licenses will remain the same after the regulatory program is transferred to TDLR, therefore the tables above do not include any change in revenue from the licenses that will continue at TDLR beginning in fiscal year 2022.

According to Sunset staff analysis, the elimination of the drain cleaner, drain cleaner-restricted, and residential utilities installer registrations would result in a revenue loss of approximately \$41,800 per fiscal year to the General Revenue Fund beginning in fiscal year 2020. Replacing the master plumber designation with a plumbing contractor license could result in an increase of revenue as additional persons would be eligible to obtain licensure but the overall effect on revenue cannot be determined. Fees related to reciprocity and temporary licenses, endorsements, and certificates of registration would be set by TDLR and the effect on revenue cannot be determined at this time but is not expected to be significant. This analysis assumes all other licensing fees would remain unchanged once transferred to TDLR.

According to Sunset staff analysis, certain contracts established by and for the plumbing board would no longer be required at TDLR. This would result in an estimated savings to General Revenue of \$8,103 in fiscal year 2022, \$46,830 in fiscal year 2023, and \$326,708 in each fiscal

year thereafter.

TSBPE currently performs criminal background checks on applicants; however, these background checks do not meet the fingerprint and FBI requirements of the bill. Applicants and licensees would pay for the cost of the fingerprint background checks through the Department of Public Safety's (DPS) existing process. Implementing these provisions of the bill is not expected to have a significant fiscal impact on the state because fees are collected from applicants to cover the costs of conducting the checks.

### **Technology**

The TSBPE licensing database is operated through its participation in the Health Professions Council (HPC). The HPC cost is included in the fiscal year 2020-21 appropriations to TSBPE. After the transfer to TDLR, the costs for the plumbers licenses at HPC will be approximately \$182,000 in fiscal year 2022. The estimated cost to migrate the TSBPE licensing database from HPC to TDLR is \$200,000 in fiscal year 2022. TDLR would also need \$50,000 for necessary alterations made during the move which would align the oncoming version of the database with TDLR's processes and current programs in its version of the database. There would be an additional required cost of \$25,000 annually for licensing and maintenance costs of the database in fiscal year 2022.

TDLR reports it would also require staff augmentation support for the preparation, transfer, and maintenance of the system at a cost of \$200,000 each year for fiscal years 2022 and 2023.

HPC costs are distributed among participating agencies. The costs that remain after TSBPE is removed from the database will be redistributed among the remaining member agencies. This analysis assumes those agencies could absorb the redistributed costs within existing resources.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 452 Department of Licensing and Regulation, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 456 Board of Plumbing Examiners

**LBB Staff:** WP, DFR, CLo, SGr