

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 17, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB1036** by Zaffirini (Relating to the regulation of residential solar retail transactions; requiring an occupational registration; authorizing fees; providing civil and administrative penalties.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1036, As Introduced: a negative impact of (\$724,400) through the biennium ending August 31, 2027.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$299,493)
2027	(\$424,907)
2028	(\$588,636)
2029	(\$588,636)
2030	(\$588,636)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Probable Revenue Gain from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2025</i>
	<b>1</b>	<b>1</b>	
2026	(\$612,493)	\$313,000	1.5
2027	(\$970,907)	\$546,000	1.5
2028	(\$1,134,636)	\$546,000	5.0
2029	(\$1,134,636)	\$546,000	5.0
2030	(\$1,134,636)	\$546,000	5.0

Fiscal Analysis

This bill would amend the Occupations Code to create the Residential Solar Retailer Regulatory Act and provide a new licensing system for solar retail providers. This bill would authorize the Texas Department of Licensing and Regulation (TDLR) to regulate residential solar retailers by requiring solar salespersons and solar retailers to register with TDLR, prohibiting a person from engaging in residential retail for compensation without registration as a solar retailer, requiring contract provisions to be included in sale or lease agreements for residential solar energy systems, authorizing the Executive Director of TDLR to deny or refuse the renewal of an application if the applicant violates any required contract provisions or if the applicant has previously

been disciplined by TDLR, and authorizing TDLR to order the cancellation of an agreement for the sale or lease of a residential solar energy system and to order the refund of any amount paid in the agreement after notice and a hearing.

The bill would take effect of September 1, 2025.

## Methodology

Based on the analysis of the State Office of Administrative Hearings (SOAH), this estimate assumes that the Texas Department of Licensing and Regulation (TDLR) would receive 480 new cases to be adjudicated by Administrative Law Judges at SOAH for which that agency is appropriated General Revenue Funds.

This estimate assumes that the provisions of the bill addressing solar salesperson and solar retailer registration, prohibited acts, license denial or refusal, administrative penalties, and agreement cancellation or refund would result in 120 new solar licensing and regulation cases beginning in fiscal year 2027 and an estimated 360 new contract cancellation cases each fiscal year. Based on SOAH's experience with similar existing cases, the hours worked by Administrative Law Judges (ALJs) on those cases, and the billing rate of \$165 set by the GAA, the estimated cost in fiscal year 2026 would be \$297,000 and \$588,060 in fiscal year 2027.

According to the Comptroller of Public Accounts, TDLR would realize revenue increase of \$313,000 in fiscal year 2026 and \$546,000 in fiscal year 2027 related to new licensing fees.

Based on the analysis of the Texas Department of Licensing and Regulation, this estimate assumes that the agency would require additional positions and would incur additional information technology costs to implement the bill's provisions. The agency would require the following additional positions beginning in fiscal year 2026: an additional 0.5 Database Administrator (\$48,057 each year with \$14,369 in estimated benefits) to ensure program data is secure and accurate, an additional 0.5 Information Technology Business Analyst (\$46,074 each year with \$13,776 in estimated benefits) to define program requirements, testing changes, and support business divisions, and an additional 0.5 Programmer (\$41,954 each year with \$12,544 in estimated benefits) to make the necessary changes to the agency's licensing system.

Beginning in fiscal year 2027, the agency would require 3.5 additional full-time equivalent positions (FTEs): 1.0 Investigator (\$60,270 each year with \$18,020 in estimated benefits) to perform investigations and perform criminal history checks, a 0.5 Legal Assistant II (\$28,866 each year with \$8,630 in estimated benefits) for complaint intake, a 1.0 Legal Assistant III (\$64,890 each year with \$19,402 in estimated benefits) for assisting in the prosecution of complaint cases, and 1.0 Attorney (\$102,743 each year with \$30,720 in estimated benefits) to prosecute complaint cases.

In addition, this estimate assumes one-time costs of agency equipment and a licensing database change order totaling \$124,582 in fiscal year 2026 and ongoing operating costs of \$36,180 in fiscal year 2028 onward. .

## Technology

In addition to technology-related staffing costs anticipated by the Texas Department of Licensing and Regulation, the agency anticipates and this estimate assumes a cost of \$80,000 for a change order to the licensing database and an ongoing annual cost of \$6,000 for additional licenses to the case management system.

## Local Government Impact

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 473 Public Utility Commission of Texas

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