

FISCAL NOTE

August 23, 2017

Bill No:	HB 1001	Printer's No:	PN 2093	Sponsor:	Helm
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COST / (SAVINGS)

Fund (s)	2017-18	2018-19
General Fund- L&I GGO	\$3,005,514	\$2,762,594
Appropriation	(\$85,000)	-
New language creating an account for the fees	TBD	TBD

SUMMARY: This legislation establishes licensure of home inspectors and creates a Home Inspection Licensing Board.

ANALYSIS: This legislation is a freestanding act establishing licensure of home inspectors, creating a Home Inspection Licensing Board within the Department of Labor and Industry (L&I), Bureau of Occupational and Industrial Safety (BOIS).

The board will consist of 13 members including the Secretary of L&I or a designee and the Attorney General or a designee. The remaining board members will include the following, which shall be appointed by the Governor with the advice and consent on the senate:

- Six home inspectors who are licensed in the commonwealth
- Three members of the general public
- One member who is a licensed real estate agent or broker in the commonwealth
- One member who is a licensed architect or engineer in the commonwealth

This legislation outlines office terms and board responsibilities. The board will submit a report annually to the legislature containing information on the cases received, the status of those cases, the action taken by the board and the length of time taken to reach a resolution. Additionally, the board will submit annually to the house and senate appropriations committees, a copy of the budget request for the upcoming fiscal year. This report shall be submitted within 15 days of the governor submitting a budget to the general assembly. The board will hold the responsibility of establishing and maintaining a list of licensed home inspectors, which shall be available to the public. Lastly, the board will establish fees as set forth in this legislation. All fees will be used for administration and regulation of licensing.

This legislation outlines requirements for applicants to be licensed. Licenses will be issued on a biennial basis with the biennial expiration date being established by regulation of the board. The licensee will be required to complete 32 hours of continuing education, three hours in the area of manufactured and modular housing and pay the renewal fee.

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This legislation provides for licensure by reciprocity and endorsement for those licensed in a state with equal or greater requirements for licensure. Licensure by endorsement requires the applicant to meet the qualifications as set forth in the legislation.

Under this legislation, all licensees are required to obtain professional liability insurance in the amount of \$250,000 per occurrence and \$500,000 in the aggregate with deductibles of not more than \$15,000. Proof of insurance coverage must be submitted to the board.

The board has full disciplinary and enforcement authority over licensees and may refuse, suspend or revoke a license in a case where the board finds that the licensee is in violation of the guidelines set forth in the legislation.

The board shall contract with a professional testing organization for the examination which shall comply with the Administrative Code of 1929.

The sections relating to the establishment of the board, regulations and the effective date shall take effect immediately. Chapter 5, Chapter 7 and Chapter 21 shall take effect in two years. Section 701(a) shall take effect 90 days after the effective date of the initial regulations promulgated. The remainder of the act shall take effect in 60 days.

FISCAL IMPACT: This legislation provides an appropriation of \$85,000 to the BOIS for start-up costs. In addition to staff, the department will need to allocate funds for operating costs. Additionally, the department will require funds to secure the professional testing organization to administer the licensing test, required in the legislation. The projected program costs for year one and two are as follows:

Projected Program Costs- Year 1		
	BOIS	General Counsel
Salary	\$1,691,783.18	\$482,253.62
Operating	\$781,478.00	\$50,000.00
Total	\$2,473,261.18	\$532,253.62
Grand Total	\$3,005,514.80	

Projected Program Costs- Year 2		
	BOIS	General Counsel
Salary	\$1,691,783.18	\$482,253.62
Operating	\$538,558.00	\$50,000.00
Total	\$2,230,341.18	\$532,253.62
Grand Total	\$2,762,594.80	

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The fee amount is undetermined at this time; therefore, we are unable to determine whether the costs can be absorbed by the fees. Additionally, It is not clear if the fees to support the board will be deposited into the general fund and if operating costs will be funded through L&I's GGO or if an account should be created to augment the GGO for the board. No appropriation was included in Act 1A of 2017.