TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 562 - SB 606

March 23, 2017

SUMMARY OF BILL: Creates the *Limited Licensed HVAC Contractor's Act* (Act) for the purpose of regulating persons who perform HVAC work that has a total cost of less than $25,000. Prohibits any such person from performing HVAC work unless they have registered and become licensed with the Board for Licensing Contractors (BLC). Establishes exceptions to this licensing requirement. Licenses are biennial. Prohibits the initial cost of license from exceeding $75 and the biennial renewal fee from exceeding $50. Any person in violation of this Act commits a class A misdemeanor. Requires the BLC to investigate any violation of this Act and to prosecute the person in violation. For purposes of promulgating rules, this Act shall take effect upon becoming law. For all other purposes, this Act shall take effect January 1, 2018.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - $2,500/Recurring/Board for Licensing Contractors

Increase State Expenditures - $1,500/One-Time/Board for Licensing Contractors

Other Fiscal Impact – Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board for Licensing Contractors had a cumulative reserve balance of $2,251,300 on June 30, 2016.

Assumptions:

- The BLC would be responsible for enforcing the provisions of the Act.
- An estimated 100 individuals will register and become licensed as limited licensed HVAC contractors over any two-year period.
- An initial and biennial renewal license fee of $50.
- Annualized, a recurring increase in state revenue estimated to be $2,500 [(100 x $50) / 2-year license].
- A one-time increase in state expenditures of $1,500 for one rulemaking hearing (court reporter $500 + transcript copies $1,000).
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The BLC experienced a surplus of $553,771 in FY14-15, a deficit of $1,824,014 in FY15-16, and a cumulative reserve balance of $2,251,300 on June 30, 2016.

- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

IMPACT TO COMMERCE:

Increase Business Expenditures - $2,500

Assumption:

- A recurring increase in business expenditures for contractors who perform HVAC work in this state equal to the cost of purchasing the licenses required by this Act.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

/jdb