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FISCAL IMPACT REPORT

ORIGINAL DATE 03/13/17

SPONSOR Little LAST UPDATED _____ HM 111

SHORT TITLE Private Construction Industry Inspectors SB _____

ANALYST Amacher

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 431, SB 352

Conflicts with HB 362

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Attorney General (OAG)

Responses Requested From

Office of the Superintendent of Insurance (OSI)

Regulation & Licensing Department (RLD)

SUMMARY

Synopsis of the Memorial

House Memorial 111 tasks the Legislative Economic Rural Development Interim Committee to study and provide recommendations regarding the provision of private construction industry inspectors along with government-provided inspectors. This study is to be the committee's top priority of its interim work.

FISCAL IMPLICATIONS

There are no known fiscal impacts.

SIGNIFICANT ISSUES

House Memorial 111 tasks the Legislative Economic Rural Development Interim Committee to study and provide recommendations regarding the provision of private construction industry inspectors along with government-provided inspectors. This study is to be the committee's top priority of its interim work.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflicts with HB 362. The House Business and Industry Committee Substitute for House Bill 362 enacts the Home Inspector Licensing Act; creates a new board with powers and duties as outlined; provides for licensure requirements, fingerprinting and background checks, continuing education and penalties; and allows for reciprocity. The HBIC Substitute for HB 362 also creates a Home Inspector Fund to be funded by statutorily specified fees. Funds incurred are to be used by the board in the enforcement of the Home Inspector Licensing Act; any remaining fees are to remain in the fund. This bill also provides for injunctive relief relating to civil and criminal penalties.

Relates to HB 431 and SB 352 which amend the Construction Industries Licensing Act allowing for companies to provide private inspectors for governments, contractors and homeowners. HB 431 and SB 352 require the employment of certified building officials; sets for licensure and certification requirements, provides penalties; limits employment of inspectors; provides new definitions; and expands inspection services and responsibilities for third-party inspection companies. This legislation specifically tasks licensed private inspection companies and licensed contractors in enforcing building safety and ensures contractor compliance with laws, codes and standards.

The HBIC Substitute for HB 362 presents a conflict with HB 431 and SB 352 with the creation of the "Home Inspector Licensing Act". The provisions of the HBIC Substitute for HB 362 overlap existing actions and proposed law in HB 431 and SB 352. Notably, there is no requirement a homeowner must work with a home inspector as outlined in the HBIC Substitute for HB 362. Licensure is further complicated in the event these bills pass as the HBIC Substitute for HB 362 notes the terms "home inspector", "certified home inspector", "registered home inspector", "licensed home inspector" or "professional home inspector" may only be used by those licensed through the "Home Inspector Act". This conflicts with the terms such as "inspector" used in HB 431 and SB 352 for inspectors.

OTHER SUBSTANTIVE ISSUES

As noted by the Office of the Attorney General the study would be utilized to determine if private inspection companies licensed under the Construction Industries Licensing Act to provide inspection services would ease the burden on government inspectors. Although it is unclear, these inspections would presumably be conducted for a fee. These additional monies would be retained by the private inspection companies. Therefore, private inspection companies may be paid for government contract work without passing through the Construction Industries Division and other government entities that are subject to the state procurement process requiring review of all "expenditure of public funds.