



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1001

PRINTERS NO. 2587

PRIME SPONSOR: Helm

### COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	\$0	See "Fiscal Impact"

**SUMMARY:** Creates a freestanding act known as the Home Inspector Licensing Act to establish the Home Inspector Licensing Board within the Department of Labor and Industry, and require licensure in order to practice home inspection and use the title "Home Inspector". The sections establishing the Board and directing it to promulgate regulations would take effect immediately. The licensing, enforcement and miscellaneous provisions would take effect in two years. The section penalizing unlicensed practice would take effect 90 days after regulations are effective. The remainder of the legislation (Chapter 1, Chapter 9 and Section 302) would take effect in 60 days.

**ANALYSIS:** This legislation creates the Home Inspector Licensing Act by creating the Home Inspector Licensing Board (Board) within the Bureau of Occupational and Industrial Safety (Bureau) in the Department of Labor and Industry (L&I). The Board shall consist of the Secretary of L&I, the Attorney General and 11 other members appointed by the Governor with the advice and consent of the Senate (six home inspectors, three public members, one licensed real estate agent or broker, one licensed professional engineer or architect). Other key components of the legislation include:

- An individual may not practice home inspection or use the title Home Inspector unless licensed by the Board.
- An applicant for licensure must be of good moral character; be at least 18 years of age; have a high school diploma or its equivalent or equivalent life or occupational experience; have completed board-approved training consisting of at least 120 hours of classroom instruction and 75 mentored home inspections under the direct supervision of a home inspector; have passed a board-approved examination; not be addicted to alcohol or drugs, and not have a felony drug conviction unless at least 10 years have elapsed since conviction.
- A "grandfather provision" allows existing practitioners who have been in active continuous practice for at least five years immediately preceding the effective date, or who have performed or participated in 100 home inspections and have passed a recognized home inspection examination, to qualify for the license without having to take the examination.
- A licensee is subject to biennial renewal which will require the licensee to complete 32 hours of continuing education and pay the renewal fee.
- Establishes that a home inspector shall not be held liable for the contents or omissions of a home inspection report by any person other than the client identified in the contract.
- Prohibits local governments from imposing their own registration or licensing requirement for home inspectors.

- Requires home inspectors to carry liability insurance of at least \$250,000 per occurrence/ \$500,000 aggregate.
- The Board shall keep records of licensees which shall be open to public inspection. The board shall be self-sustaining with all the fees and fines imposed. If additional revenue is needed, the board may increase fees.
- The Board has full disciplinary and enforcement authority over licensees and unlicensed practice, and the performance of a home inspection is subject to the Unfair Trade Practices and Consumer Protection Law.
- Establishes standards for home inspection reports.
- Provides that the act shall not apply to a registered or licensed professional engineer or architect. However, when these individuals perform home inspections they must comply with the provisions on liability insurance, consumer remedies, contracts and home inspection reports, and violations shall be enforced by their licensing boards.
- Requires the Board to promulgate regulations to carry out the act within 18 months of the effective date.
- Repeals the Home Inspection Law, Title 68 Pa. C. S. Chapter 75.
- Appropriates the sum of \$85,000, or as much of the sum as may be necessary, to the bureau for the payment of costs associated with processing licenses and renewing licenses, for the operation of the board and for other costs associated with this act. The appropriation shall be repaid by the board within three years of the beginning of issuance of licenses by the board.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds in FY 2017-18 and FY 2018-19. Up to \$85,000 shall be appropriated to the Department of Labor and Industry for the payment of costs associated with processing licenses and renewing licenses, for the operation of the Board and for other costs associated with this act. It is presumed that this will occur in the early months of FY 2019-20. Any allocated amount shall be repaid by the department within three years of the beginning of issuance of licenses by the Board.

The Department of Labor and Industry estimates program costs of approximately \$450,000 for the first full year which would likely be FY 2019-20. This includes 5 new positions including a clerk typist 3, 2 field investigators, an attorney 1 and a legal assistant. This estimate could increase in subsequent years if field staff is needed to investigate violations. These costs would be offset by the required fees on the licensees.

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House Appropriations Committee (R)

**DATE:** October 16, 2017

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*