

**SUBJECT:** Requiring an occupational registration for reroofing contractors

**COMMITTEE:** Business and Industry — committee substitute recommended

**VOTE:** 8 ayes — Martinez Fischer, Darby, Beckley, Collier, Landgraf, Moody, Parker, Shine

1 nay — Patterson

**WITNESSES:** For — Adela Rodriguez, All American Roofing and Siding; Dean Torres, Kirtley and Sons Contracting; Jay Thompson, National Insurance Crime Bureau and Association of Fire, Casualty Companies of Texas; Paul Ramon, Ramon Roofing; Brad Jones, Roofing Contractors Association of Texas; Larry Brown, Stay Dry Roofing; Gary Pennington, Texas Association of Public Insurance Adjusters; James Filip and Jeremiah Hill, The Roof Depot; and six individuals; (*Registered, but did not testify*: Paul Martin, National Association of Mutual Insurance Companies; Annie Spilman, National Federation of Independent Business; Richard Bass, Sun Commercial Roofs; Lee Parsley, Texans for Lawsuit Reform; James Hines, Texas Association of Business; Ronnie Smitherman, Texas Building Trades Council; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; Marti Luparello, Texas Farm Bureau Insurance Companies; Cathy DeWitt, USAA; and seven individuals)

Against — Keith Carson, Perfect Pitch Roofing; Carl Isett, Texas Independent Roofing Contractors Association; Vance Ginn, Texas Public Policy Foundation; Frank Fuentes, U.S. Hispanic Contractors Association; Nick Kornmeyer; Stuart McMullen; Stacy Pearson; Daniel Simon; Tom Thoman; (*Registered, but did not testify*: Jon Fisher, Associated Builders and Contractors of Texas; Arif Panju, Institute for Justice; Jon Conner, J-Conn Roofing; Justin Keener, U.S. Hispanic Contractors Association; and seven individuals)

On — Brian Francis, Texas Department of Licensing and Regulation; (*Registered, but did not testify*: Annie Spilman, National Federation of Independent Business; David Lancaster, Texas Society of Architects)

**DIGEST:** CSHB 2101 would establish regulations for reroofing contractors, which would be administered and enforced by the Texas Department for Licensing and Regulation (TDLR).

The Texas Commission for Licensing and Regulation (TCLR) would be required to establish and collect reasonable and necessary fees in amounts sufficient to cover the costs of administering the bill.

The bill would not apply to new construction, a person performing a minor reroofing project with a value up to \$500, government employees acting in an official capacity, or a licensed retailer of manufactured homes reroofing a manufactured home. The bill also would not apply to the owner of a residential or agricultural property or an employee of the owner who performed a reroofing project on the owner's property.

**Registration.** The bill would require reroofing contractors to register with TDLR before performing a reroofing project and to provide a written contract to a property owner before engaging in a project.

A registration under the bill would be issued in the form of a registration number. A person would be prohibited from soliciting, advertising, or contracting to perform or engage in a reroofing project without holding such a registration.

Each registered reroofing contractor would be required to include the contractor's registration number in any advertisement for a reroofing service, including on each business card and in every television, radio, or social media advertisement. A registered contractor could not make any representation regarding the effect of being issued a registration.

TCLR would be required to provide for the issuance of a temporary emergency registration at a reduced fee with respect to reroofing projects on property located in an area for which the governor had declared a state of emergency.

**Application for registration.** An individual applying for a reroofing registration would be required to submit an application to TDLR on a form prescribed by the department's executive director.

The application would have to be accompanied by:

- proof of the applicant's identity, if the applicant was an individual;
- proof of the applicant's existence, if the applicant was a business entity, and confirmation of the entity's authority to conduct business in this state;
- proof of the applicant's address and telephone number; and
- an application fee.

Any applicant who complied with these requirements would be entitled to receive a registration from TDLR within 10 days after the department received the application.

A registration would be valid for a term of two years and could be renewed before expiration. In order to renew a registration, a reroofing contractor would have to submit an application for renewal accompanied by documentation of any changes in the contractor's information that was submitted to TDLR with the original application.

The fee for an initial application for registration could not exceed \$250, and the fee for the renewal of a registration could not exceed \$100.

**Registration database.** The bill would require TDLR to publish on its website a list of all registered reroofing contractors who were in good standing, searchable by name and location. The database would have to include the name, mailing address, and telephone number of each contractor and a summary of any disciplinary action taken by TDLR against the contractor.

**Written contract.** Before engaging in a reroofing project, a registered reroofing contractor would have to provide a written contract to the property owner that was signed by both parties.

The contract would be required to include the statement: "The work to be performed under this contract must commence not later than the 30th day after the date the reroofing contractor collects an initial payment, unless a longer period is agreed to in writing and signed by both parties to this contract."

The contract also would have to include:

- the reroofing contractor's contact information, including physical address, email, and phone number;
- the contractor's cancellation policy;
- the contractor's registration number in at least 12-point bold type; and
- TDLR's contact information for the purpose of directing complaints to the department.

The bill would prohibit a registered reroofing contractor from advertising or promising to pay or rebate all or part of an insurance deductible in connection with a reroofing contract.

**Enforcement.** The executive director of TDLR would be authorized to issue a cease and desist order to prohibit any person from performing or engaging in a reroofing project if the person was not in compliance with the provisions of the bill.

TDLR also could impose an administrative penalty for violations of the bill, a rule adopted under it, or an order of TCLR or the executive director.

The bill would authorize the attorney general or TDLR executive director to institute an action for a civil penalty for a violation under the bill. The amount of the civil penalty could not exceed \$500 for each violation.

Contractors who advertised that they held a valid reroofing registration if they did not would be liable under the Deceptive Trade Practices-Consumer Protection Act.

**Effective dates.** TCLR would be required to adopt rules, procedures, and fees necessary to administer the bill by April 1, 2020.

The TDLR would not be required to begin issuing registrations under the bill before June 1, 2020.

The bill would take effect September 1, 2019, except that a reroofing contractor would not be required to be registered to perform a reroofing project until August 1, 2020.

**NOTES:**

According to the Legislative Budget Board, the bill would have a positive impact of about \$623,000 to general revenue related funds through fiscal 2020-21.