

LEGISLATIVE FISCAL ESTIMATE TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 335

STATE OF NEW JERSEY

DATED: JANUARY 2, 1998

Senate Committee Substitute for Senate Bill No. 335 of 1996 provides for the licensing of home inspectors and associate home inspectors by a Home Inspection Advisory Committee under the jurisdiction of the State Board of Professional Engineers and Land Surveyors in the Division of Consumer Affairs in the Department of Law and Public Safety.

The five-member committee would be appointed by the Governor and would be responsible for issuing licenses for home inspection, establishing standards for the continuing education of home inspectors and promulgating a code of ethics and standards of practice for licensed home inspectors. The committee would meet at least twice a year and members would be compensated and reimbursed for their expenses and provided with meeting and office facilities. Personnel necessary for the business of the committee would also be funded under the bill.

Candidates for licensing would be required to be of good moral character, to have a high school degree or its equivalent, to have completed a specified number of home inspections and to have passed an examination offered by the American Society of Home Inspectors. Licensees would also be required to maintain insurance against errors and omissions in the minimum amount of \$500,000 per occurrence.

The bill permits the board to establish fees for licensing and other services in an amount sufficient to defray proper administrative expenses in implementing the provisions of the bill. The General Fund would be the repository of all fees and fines imposed by the board under the bill.

An informal estimate by the department indicates approximately 400 home inspectors and 400 associate home inspectors would be subject to the provisions of the bill. The department estimates that the cost of the bill during the first year after enactment would total \$120,000. This figure includes \$39,000 for the salaries and fringe benefits of a part-time (10 percent) executive director, a part-time (50 percent) clerk and a part-time (50 percent) data entry operator; \$13,000 for supplies and maintenance; \$15,000 for data processing and other services; \$35,000 for legal purposes; \$12,000 for administrative overhead and \$6,000 for equipment. After adjusting for inflationary increases and certain one-time costs, the department estimates second and third-year costs to be \$105,000 and \$116,000,

respectively.

To defray these administrative costs, the department estimates home inspectors would be required to pay a \$125 initial application fee and a separate \$150 biennial registration fee. Associate home inspectors would be required to pay a \$75 initial application fee and a separate \$100 biennial registration fee. The department estimates that the total number of licensees will increase to 1,000 in the second year of the bill's enactment and 1,200 in the third year. Over the first three years, these fees would produce approximately \$375,000 in revenue, which would be sufficient to offset the bill's estimated three-year cost.

The Office of Legislative Services concurs with this estimate.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.