

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0753-02  
Bill No.: SB 186  
Subject: Administrative Laws; Boards, Commissions, Committees, Councils; Contracts and Contractors; Licenses - Professional  
Type: Original  
Date: February 11, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Electrical Industry	\$0	\$184,103	(\$118,533)
PR Fees	(\$15,546)	\$15,546	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$15,546)</b>	<b>\$199,649</b>	<b>(\$118,533)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of State Courts Administrator, Department of Economic Development - Public Service Commission, Missouri Senate, Office of State Public Defender** and **Office of State Treasurer** assume the proposal will not fiscally impact their organizations.

Officials from the **Office of Prosecution Services** state the proposal will not have a significant direct fiscal impact on county prosecutors.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate the proposal will not significantly alter its caseload. However, if other similar proposal also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state the proposal establishes the Missouri electrical industry licensing board and describes their powers and duties. The Missouri electrical industry licensing board could promulgate rules to enact this proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Division of Professional Registration could require approximately 20 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published

ASSUMPTION (continued)

in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, and withdrawn. The SOS estimates the cost of the proposal to be \$1,230 [(20 pgs. X \$27) + (30 pgs. X \$23)] for FY 06.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Economic Development - Division of Professional Registration (DED-PR)** provide the following assumptions related to this proposal:

Based on an estimate from Superpages.com for electrical contractors, it is estimated there are approximately 1,670 individuals in the state of Missouri that will be required to be licensed. The DED-PR assumes a fee of \$250 will be paid for all categories of licensure with biennial renewal. The DED-PR estimates a 3% growth rate and assumes licensure begins in FY 07, resulting in revenue to the Electrical Industry Fund of \$417,500 in FY 07. Revenues for FY 08 are estimated to be \$6,263.

The DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Electrical Industry Fund. The DED-PR notes expenses occurring prior to an appropriation (FY 06) would be borrowed from another fund within Professional Registration and paid back in FY 07 or FY 08.

The DED-PR assumes implementation of the proposal will require hiring an additional 2.0 FTE in FY 07, as follows: Principal Assistant (0.5 FTE at \$59,532) to serve as the senior executive officer of the agency, Licensure Technician II (1.0 FTE at \$26,292) to provide technical support, process applications for licensure and respond to any inquiries related to the licensure law or rules and regulations, and an Account Clerk II (0.5 FTE at \$24,984) to provide support for DED-PR Central Accounting and Central Cash Receiving Room. The DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$5,540.

The DED-PR assumes the seven (7) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. The DED-PR notes the Principal Assistant, Licensure Technician and an Attorney General representative will also attend the meeting. The DED-PR assumes there would be four (4) meetings in FY 06 to promulgate rules and regulations. It is

ASSUMPTION (continued)

estimated that each board member will receive a \$50 per diem and reimbursement for expenses for each day conducting board business.

The DED-PR assumes 23 complaints would be received each year and would require, on average, five hours each to complete. The DED-PR estimates 15% of these complaints (4) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigation are estimated at \$1,340 annually. The DED-PR assumes complaints and investigations would not start until FY 08.

The DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). The DED-PR estimates 25% of investigations (1 case) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, the DED-PR estimates \$5,400 annually beginning in FY 08. The DED-PR also estimates the AGO would provide approximately 60 hours of assistance with rules, opinions and meetings per year. Assuming an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly beginning in FY 06.

The DED-PR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. The DED-PR estimates printing and postage costs at \$6.25 per licensee in the first year, for a total cost of \$10,438 (\$6.25 X 1,670 licensees). Subsequent years' printing and postage costs are expected to be \$2,500 annually, based on a similarly-sized board.

The DED-PR assumes licensed electricians will represent 0.50% of DED-PR's overhead. As such, the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$14,228 per annum. The DED-PR assumes these costs will begin in FY 06.

For fiscal note purposes only, **Oversight** assumes the following:

- 1) The \$14,228 in administrative costs will generally offset the required reimbursement of other funds and will not be used for the new FTE.
- 2) Rental space will not be required for two additional part time FTE and one full-time FTE. Additional furniture and equipment will not be required for the 0.5 FTE positions.
- 3) **Oversight** has, for fiscal note purposes only, changed the starting salary for the Licensure Technician II and the Account Clerk II to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual

ASSUMPTION (continued)

starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

4) Fees have been adjusted to reflect an amount needed to cover operations of the board. Biennial fees of \$200 result in revenue of \$330,000 for the Electrical Industry Fund for FY 07 and \$5,000 for the fund for FY 08. Sufficient fee income should be generated during each biennial fee cycle to cover expenses of operations during the second year of the cycle.

Officials from the **Office of Attorney General (AGO)** state the proposal creates a new licensing board withing the Division of Professional Registration. The AGO assumes it would need 0.5 FTE Assistant Attorney General II to assist the Board in the rule-making process and licensing matters. The AGO estimates personnel service, fringe benefits and equipment and supply costs for FY 06 to be \$31,088; FY 07 costs of \$37,504; and FY 08 costs of \$38,491.

**Oversight** assumes costs incurred by the AGO's office will be reimbursed by the Electrical Industry Fund.

Officials from the **Office of the Governor** did not respond to our request for a statement of fiscal impact.

**This proposal will result in an increase in total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>ELECTRICAL INDUSTRY FUND</b>			
<u>Transfer-In - DED-PR</u>			
Transfer from PR Fees Fund	\$15,546		
<u>Income - DED-PR</u>			
Licensure Fees/Renewals		\$330,000	\$5,000
<u>Costs - DED-PR</u>			
Personal Service (2.0 FTE)	\$0	(\$66,542)	(\$68,206)
Fringe Benefits	\$0	(\$28,387)	(\$29,097)
Expense and Equipment	(\$11,894)	(\$31,770)	(\$17,178)
AGO Costs	(\$3,652)	(\$3,652)	(\$9,052)
Total <u>Costs - DED-PR</u>	<u>(\$15,546)</u>	<u>(\$130,351)</u>	<u>(\$123,533)</u>
<u>Transfer-Out - DED-PR</u>			
Transfer to PR Fees Fund	<u>\$0</u>	<u>(\$15,546)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON ELECTRICAL INDUSTRY FUND</b>	<b><u>\$0</u></b>	<b><u>\$184,103</u></b>	<b><u>(\$118,533)</u></b>
<b>PR FEES FUND</b>			
<u>Transfer-In - DED-PR</u>			
Transfer from Electrical Industry Fund	\$0	\$15,546	\$0
<u>Transfer-Out - DED-PR</u>			
Transfer to Medical Imaging and Radiation Therapy Board Fund	<u>(\$15,546)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON PR FEES FUND</b>	<b><u>(\$15,546)</u></b>	<b><u>\$15,546</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

This proposal will fiscally impact small businesses or small businesses that employ electricians.

### DESCRIPTION

This proposal establishes the Missouri Electrical Industry Licensing Board. There are a number of definitions in the act regarding the Board. The proposal sets forth the makeup of the Board. The number of members and how they are appointed is included. The proposal contains removal and reappointment provisions.

A chairperson and vice chairperson are annually elected. The division of professional registration with the board administers the rules and regulations to carry out the provisions of Sections 324.808 to 324.845 RSMo and may promulgate necessary rules so long as the rules are compatible with the sections. Any rules must be compatible and is subject to the provisions of Administrative procedure and review (Chapter 536, RSMo).

The proposal sets up meetings for the board and requires that they meet at least four times per year. Board members will be compensated by an amount not to exceed fifty dollars plus expenses per meeting. The division shall employ workers to carry out the provisions and establish applicable fees which shall not substantially exceed the cost of administering Sections 324.808 to 324.845. The fees shall be transferred to the department of revenue and then deposited in the state treasury to the credit of the Missouri electrical industry licensing board fund.

The proposal defines what work is included in electrical contracting and requires that the provisions only apply to working with voltage in excess of fifty volts. Every electrical contracting firm shall employ at a supervisory level, at least one licensed electrical contractor.

The requirements for applying for an electrical contractor's license are included and cover age, insurance, education, costs, experience in terms of hours, and other licenses.

The proposal also provides waivers for the licensing requirement. Electrical contractors who currently hold an electrical license that required, prior to January 1, 2005, a written exam be taken are waived. Electrical contractors who have a license in a state that does not require a written exam may apply for a limited license and must apply before December 31, 2006. If the contractor is in a political subdivision that does not require a license, a contractor shall not be required to possess a license in order to continue to operate in such political subdivisions. The division, in collaboration with the board may negotiate reciprocal contracts with other states that require standards for licensure, registration, or certification more stringent than those covered by these sections.

DESCRIPTION (continued)

The proposal also sets up the "Missouri Electrical Industry Licensing Board Fund". Renewal notices for licensed contractors shall be mailed prior to the renewal date. Failure to provide the fee or information required for renewal shall result in the license being declared inactive. Inactive licenses have one year to be restored.

The Board may also refuse to issue or renew any license for any of a number of reasons laid out in the proposal. The applicant has a right to file a complaint with the Administrative Hearing Commission. After filing the complaint, the proceedings shall be conducted according to the provisions of the Administrative Hearing Commission (Chapter 621, RSMo). The Board may then, after the hearing, place the person named in the complaint on probation as the board deems appropriate not to exceed five years, suspend for up to three years, or revoke the license, certificate or permit.

The proposal also states that anyone who knowingly violates or is an accessory to the violation of any provision of Sections 324.808 to 324.845 RSMo is guilty of a Class B misdemeanor. These provisions do not, however, release anyone from civil liability or criminal prosecution under any other laws of the state of Missouri.

Finally the provisions of the Missouri sunset act (Sections 23.250 to 23.298) shall not apply to this proposal.

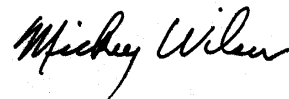
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Office of Attorney General  
Office of Administration -  
    Administrative Hearing Commission  
Office of State Courts Administrator  
Department of Economic Development -  
    Division of Professional Registration  
Office of Prosecution Services  
Missouri Senate  
Office of Secretary of State  
Office of State Public Defender  
Office of State Treasurer

**NOT RESPONDING: Office of the Governor**



Mickey Wilson, CPA  
Director  
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