

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1876-01  
Bill No.: SB 493  
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept.;  
 Law Enforcement Officers and Agencies  
Type: Original  
Date: April 4, 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
Private Investigator Examiners	\$0	\$189,953	(\$99,221)
PR Fees	(\$13,788)	\$13,788	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$13,788)</b>	<b>\$203,741</b>	<b>(\$99,221)</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 Public Safety (DPS) - Capitol Police, DPS - Director's Office, DPS - Division of Fire Safety, DPS - Missouri State Highway Patrol, Missouri Senate, Office of State Public Defender, Office of State Treasurer, Department of Insurance and Department of Revenue** assume the proposal would have no fiscal impact on 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** assumes the proposal will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitment depends on the utilization by prosecutors and the actual sentences imposed by the court.

ASSUMPTION (continued)

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through either incarceration (FY 04 average of \$38.37 per inmate per day or an annual cost of \$14,005 per inmate) or through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or the imposition of a probation sentence. The probability also exists that offenders would be charged with a similar but more serious offence of that sentences may run concurrent to one another.

Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Secretary of State (SOS)** state the proposal creates licensure requirements for private investigators. The board of private investigators could promulgate rules to enact the legislation. These rules will be printed in the Missouri Register and Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the board of private investigators could require as many as 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 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 an internet search for investigators and private detectives, it is estimated there are approximately 118 individuals and 442 businesses in the state of Missouri

ASSUMPTION (continued)

that will be required to be licensed (560 total). DED-PR estimates a 3% growth rate and assumes licensure begins in FY 07, resulting in revenue to the Board of Private Investigator Examiners Fund in FY 07 of \$294,000. Revenues for FY 07 are estimated to be \$4,410.

DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Board of Private Investigator Examiners Fund. 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.

DED-PR assumes implementation of the proposal will require hiring an additional 1.5 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 (0.5 FTE at \$26,292) to provide technical support, process applications for licensure and respond to any inquiries related to the licensure law or rules & 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. DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$4,155.

DED-PR assumes the five (5) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. DED-PR notes the Principal Assistant, Licensure Technician and an Attorney General representative will also attend the meeting. DED-PR assumes there would be four (4) meetings in FY 06 to promulgate rules and regulations. It is estimated that each board member will receive \$70 per diem for each day conducting board business.

DED-PR assumes twelve (12) complaints would be received each year and would require, on average, five hours each to complete. DED-PR estimates 15% of these complaints (2) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigation are estimated at \$670 annually. DED-PR assumes complaints and investigations would not start until FY 08.

DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). DED-PR estimates 25% of investigations (1) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, DED-PR estimates \$5,400 annually beginning in FY 08. 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.

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. DED-PR estimates printing and postage costs at \$6.25 per licensee in the first year, for a total cost of

ASSUMPTION (continued)

\$3,500. Subsequent years' printing and postage costs are expected to be \$2,500 annually, based on a similarly-sized board.

DED-PR assumes licensed investigators and private detectives 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, \$14,054 per annum. DED-PR assumes these costs will begin in FY 06.

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

- 1) Private investigative businesses may have more than one investigator and have adjusted the total number of potential licensees to 1,000 and assumes DED-PR's request of 1.5 additional FTE should be sufficient to handle the workload;
- 2) Addition rental space would not be required and no additional furniture should be required since requested FTE are all part-time positions;
- 3) The \$14,054 in administrative costs will generally offset the required reimbursement of other funds, and will not be used for the new FTE.
- 5) **Oversight** has, for fiscal note purposes only, changed the starting salary for the part-time 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 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.
- 6) Fees have been adjusted to reflect an amount needed to cover operations of the board. Biennial fees of \$300 result in revenue of \$300,000 for the Board of Private Investigator Examiners Fund for FY 07 and \$4,500 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.
- 7) Used DED-PR's estimates unless otherwise noted.

Officials from the **Office of Attorney General (AGO)** state the proposal creates and additional board and an additional category of licensees within the Division of Professional Registration, which would have investigative and subpoena powers. The AGO assumes it would need 0.5 FTE Assistant Attorney General II to assist the Board in the rule-making process, licensing and

ASSUMPTION (continued)

investigative matters, as well as any litigation that might result from the investigations the board undertakes as authorized by the proposal. The AGO estimates FY 06 costs of \$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 Private Investigator Examiners Fund.

Officials from the **Office of the Governor (GOV)** did not respond to our request for a statement of fiscal impact. However, in response to a similar proposal from the current session, the GOV assumed the proposal would have no fiscal impact on their organization.

**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>BOARD OF PRIVATE INVESTIGATOR EXAMINERS FUND</b>			
<u>Transfer-In - DED-PR</u>			
Transfer from PR Fees Fund	\$13,788	\$0	\$0
<u>Income - DED-PR</u>			
Licensure Fees/Renewals		\$300,000	\$4,500
<u>Costs - DED-PR</u>			
Personal Service (1.5 FTE)	\$0	(\$54,660)	(\$56,027)
Fringe Benefits	\$0	(\$23,318)	(\$23,901)
Expense and Equipment	(\$10,136)	(\$14,629)	(\$14,741)
AGO Costs	<u>(\$3,652)</u>	<u>(\$3,652)</u>	<u>(\$9,052)</u>
Total <u>Costs</u> - DED-PR	(\$13,788)	(\$96,259)	(\$103,721)
<u>Transfer-Out - DED-PR</u>			
Transfer to PR Fees Fund	<u>\$0</u>	<u>(\$13,788)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON BOARD OF PRIVATE INVESTIGATOR EXAMINERS FUND</b>			
	<b><u>\$0</u></b>	<b><u>\$189,953</u></b>	<b><u>(\$99,221)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>PR FEES FUND</b>			
<u>Transfer-In - DED-PR</u>			
Transfer from Private Investigator Examiners Board Fund	\$0	\$13,788	\$0
<u>Transfer-Out - DED-PR</u>			
Transfer to Private Investigator Examiners Board Fund	<u>(\$13,788)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON PR FEES FUND</b>	<b><u>(\$13,788)</u></b>	<b><u>\$13,788</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will affect small business private investigation agencies as persons will have to meet training standards, possess licenses and be insured.

DESCRIPTION

This proposal creates the Board of Private Investigator Examiners within the Division of Professional Registration in the Department of Economic Development. The Board will consist of five members appointed by the Governor with the advice and consent of the Senate. Each member must be a U.S. citizen, Missouri resident, at least 30 years old, and actively engages as a private investigator for at least five years. Board members will serve staggered terms of four years. The Board of Private Investigator Examiners Fund is also created.

The proposal makes it unlawful for persons to engage in the private investigator business unless licensed. Employees of not-for-profit organizations who make and process requested for healthcare providers and facilities for employee background screening are exempted from licensure. Application requirements are specified. Licensees must be at least 21, a U.S. citizen, and comply with qualifications set by the Board. Persons must also provide proof of liability insurance of at least \$1 million, proof of workers' compensation insurance within 30 days of licensure.

DESCRIPTION (continued)

The Board shall ensure applicants complete a course of training conducted by a certified trainer; pass a written examination; and submit to an oral interview with the Board. Complete background checks will be conducted on all applicants. The proposal grandfathers current private investigators and a license will be issued to such persons who apply within 180 days if the applicant shows registration and good standing as a business and \$250,000 in business general liability insurance. The Board is given authority to review reciprocity applications.

Grounds for denial of licensure are specified. The Board shall set the fees for licensure. Licenses must be posted in a conspicuous place in the principal place of business of the licensee. Pocket cards will also be issued to licensees. Licenses shall expire two years after issuance and provisions for renewal are provided.

Licensees may divulge to the Board, law enforcement officers, or a prosecuting attorney information acquired as to any criminal offense. Licensees are prohibited from: knowingly making a false report; causing a report to be submitted that the licensee has not exercised due diligence in ascertaining the facts; giving the impression that the licensee is connected with the federal or state government or any political subdivision; appearing as an assignee in any proceeding; manufacturing false evidence; or creating a video of any person in their home without that person's permission.

Restrictions on record keeping and advertising are specified. License disciplinary procedures are specified. The Board is given rulemaking authority. The Department of Public Safety shall establish guidelines to permit private investigators to carry concealed firearms which shall not be greater than the POST standards.

The Board shall certify qualified trainers of private investigators. Persons who knowingly falsify fingerprints or photographs required to be submitted is a Class D felony. Violation of other provisions is a Class A misdemeanor unless it is a second or subsequent violation in which case it is a Class D felony.

Provisions for licensure of current law enforcement officers and limitations on their conduct are specified.

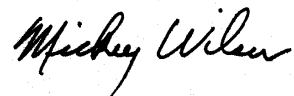
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



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  
Department of Corrections  
Department of Revenue  
Department of Public Safety -  
    Director's Office  
    Capitol Police  
    Division of Fire Safety  
    Missouri State Highway Patrol  
Department of Insurance  
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  
April 4, 2005