

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4729-02
Bill No.: SB 1018
Subject: Licenses - Professional
Type: Original
Date: March 6, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Board of Private Investigator Examiner	\$0	\$100,916	(\$88,483)
PR Fees	(\$72,257)	\$0	\$0
Other PR	\$2,915	\$19,562	\$7,779
Total Estimated Net Effect on <u>Other</u> State Funds	(\$69,342)	\$120,478	(\$80,704)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Revenue, Department of Public Safety, Office of the Governor, Department of Insurance, Missouri Senate, and Office of State Treasurer** assume the proposal will have no fiscal impact on their organizations.

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

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 05 average of \$39.13 per inmate per day or an annual cost of \$14,282 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).

ASSUMPTION (continued)

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 fiscal impact for this proposal to the SOS for administrative rules is less than \$1,500. The SOS does not expect additional funding would be required to meet these costs. However, the SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

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 of Occupational Projections by the DED, Missouri Works, Labor Market Information, it is estimated there are approximately 525 individuals in the state of Missouri that will be required to be licensed. DED-PR estimates a 3% growth rate and assumes licensure begins in FY 08, resulting in revenue to the Board of Private Investigator Examiner Fund in FY 08 of \$210,000. Revenues for FY 09 are estimated to be \$6,400.

DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Board of Private Investigator Examiner Fund. DED-PR notes expenses occurring prior to an appropriation (FY 07) would be borrowed from another fund within Professional Registration and paid back in FY 10, pursuant to section 620.106, RSMo.

DED-PR assumes implementation of the proposal will require hiring an additional 1.25 FTE in FY 07, as follows: Principal Assistant (0.25 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 Investigator II (0.5 FTE at \$39,288) to conduct investigations and inspections, serve notices, and gather information as required by the board. DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$3,498.

ASSUMPTION (continued)

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, one clerical staff and a representative from the division's legal counsel will also attend the meeting. DED-PR assumes there would be four (4) meetings in FY 07 to promulgate rules and regulations. It is estimated that each board member will receive \$50 per diem for each day conducting board business as well as reimbursement for expenses for each day for which they are conducting board business.

DED-PR assumes 75 complaints would be received each year and would require, on average, five hours each to complete. DED-PR estimates 30% of these complaints (25) will require field investigations, each incurring overnight expenses. Travel expenses for the investigation are estimated at \$4,325 annually. DED-PR assumes complaints and investigations would not start until FY 08. FY 08 costs reflect the estimated increase in investigations resulting from the initial licensure of private investigators.

DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). These services include assistance with board meetings, AGO opinions, promulgation of rules and regulations, interpretation of legislation and litigation costs. The DED-PR also assumes a minimal cost will be incurred for services provided to the board by the Administrative Hearing Commission. The DED-PR estimates these costs at \$4,401 annually.

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 \$3,281. Subsequent years' printing and postage costs are expected to be \$3,163 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, \$16,064 beginning in FY 08 and \$4,177 for FY 09.

Oversight has, for fiscal note purposes only, changed the starting salary for the part-time Licensure Technician II and the Investigator II to correspond to the first 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. per annum. DED-PR assumes these costs will begin in FY 07.

ASSUMPTION (continued)

Oversight notes that the inclusion of rent expense and administrative overhead costs in the total costs to be incurred by the Board of Private Investigator Examiner Fund will result in a lower allocation of these expenses to other licensing boards. As a result, **Oversight** has shown a savings to Other Professional Registration (PR) Funds in an amount equal to the expense to the Board of Private Investigator Examiner Fund.

Officials from the **Office of Attorney General (AGO)** state this proposal creates an 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 (AAG) to assist the Board in the rule-making process, licensing and investigative matters, as well as any litigation that might result from the investigations the board undertakes as authorized by the proposal. The AGO assumes FY 07 costs of \$31,876; FY 08 costs of \$34,404; and FY 09 costs of \$35,295.

Oversight assumes the AGO would not hire 0.5 FTE AAG II and would assign the additional duties to existing staff. **Oversight** also assumes the DED-PR would reimburse the AGO for any legal costs incurred.

Officials from the **Office of State Public Defender (SPD)** did not respond to our request for a statement of fiscal impact. **Oversight** assumes, based on the SPD's response to similar prior year legislation (SB 493 from 2005), the SPD would incur no fiscal impact as a result of this proposal.

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

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
BOARD OF PRIVATE INVESTIGATOR EXAMINER FUND			
<u>Transfer-In - DED-PR</u>			
Transfer from PR Fees Fund	\$72,257	\$0	\$0
<u>Income - DED-PR</u>			
Licensure fees/renewals	\$0	\$210,000	\$6,400
<u>Costs - DED-PR</u>			
Personal service (1.25 FTE)	(\$38,042)	(\$46,829)	(\$47,950)
Fringe benefits	(\$15,880)	(\$19,752)	(\$20,246)
Equipment and expense	(\$13,394)	(\$22,028)	(\$18,100)
AGO and other allocated costs	(\$4,941)	(\$20,475)	(\$8,587)
Total <u>Costs</u> - DED-PR	<u>(\$72,257)</u>	<u>(\$109,084)</u>	<u>(\$94,883)</u>
ESTIMATED NET EFFECT ON BOARD OF PRIVATE INVESTIGATOR EXAMINER FUND	<u>\$0</u>	<u>\$100,916</u>	<u>(\$88,483)</u>
PR FEES FUND			
<u>Transfer-Out - DED-PR</u>			
Transfer to Board of Private Investigator Examiner Fund	(<u>\$72,257</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>(\$72,257)</u>	<u>\$0</u>	<u>\$0</u>
OTHER PR FUNDS			
<u>Savings - Other PR Funds</u>			
Reduction in rent and overhead costs allocated to other licensing boards	<u>\$2,915</u>	<u>\$19,562</u>	<u>\$7,779</u>
ESTIMATED NET EFFECT ON OTHER PR FUNDS	<u>\$2,915</u>	<u>\$19,562</u>	<u>\$7,779</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 engaged as a private investigator for at least five years. Board members will serve staggered terms of two 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. Consumer reporting agencies, attorneys, collection agencies, and insurers 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 \$250,000, and proof of workers' compensation insurance.

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 show registration and good standing as a business for two years and \$250,000 in business general liability insurance. The Board is given authority to review reciprocity applications. Grounds for denial of licensure are specified.

Persons hired by private investigators must apply for agency licenses separately. The proposal specifies standards for employees of agencies. The proposal sets continuing education requirements – 16 hours biennially for licensees and 8 hours for employees of agencies.

DESCRIPTION (continued)

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 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.

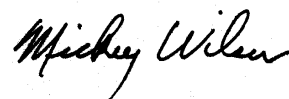
Provisions for licensure of current law enforcement officers and limitations on their conduct are specified.

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

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
 Missouri State Highway Patrol
Office of the Governor
Department of Insurance
Office of Prosecution Services
Missouri Senate
Office of Secretary of State
Office of State Treasurer

NOT RESPONDING: Office of State Public Defender



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Director
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