

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5512-01
Bill No.: SB 1243
Subject: Licenses - Professional
Type: Original
Date: April 10, 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
Electrical Industry Licensing Board	\$0	\$817,293 to \$2,272,723	(\$327,459) to (\$985,554)
PR Fees	(\$324,770) to (\$907,699)	\$0	\$0
Other PR	\$9,327 to \$28,819	\$27,592 to \$51,685	\$60,388 to \$357,971
Total Estimated Net Effect on <u>Other</u> State Funds	(\$315,443) to (\$878,880)	\$844,885 to \$2,324,408	(\$267,071) to (\$627,583)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 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, Office of the Governor, 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 proposals also pass, there are more cases, or more complex cases, there could be a fiscal impact.

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 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.

ASSUMPTION (continued)

Officials with the **Department of Economic Development–Division of Professional Registration (DED-PR)** state, based on a search of occupational projections, the proposal may result in the licensing of up to 38,000 electrical contractors. However, since it appears that licensure is optional, the DED-PR is ranging the number of licensees and the associated costs. The percentage of licensees who registered the last time a new board was created having optional licensing provisions was 15%. Therefore, the DED-PR assumes as few as 5,700 (38,000 X 15%) or as many as 38,000 electrical contractors may obtain a license. The DED-PR assumes a biennial registration, a 3% growth rate, and licensure beginning in FY 08. The registration fee could be between \$200 (5,700 licensees) and \$90 (38,000 licensees), with renewal fees between \$200 and \$80 depending on the number of licensees. The DED-PR estimates revenue to the Electrical Industry Licensing Board Fund of between \$1,140,000 and \$3,420,000 for FY 08 and \$34,200 to \$102,600 in FY 09.

The DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Electrical Industry Licensing Board Fund. The DED-PR notes expenses occurring prior to an appropriation (FY 08) would be borrowed from a lending board within the division and paid back to the PR Fees Fund, pursuant to 620.106, RSMo. It is estimated payback of any outstanding loans would be made in FY 2010.

The DED-PR assumes implementation of the proposal will require hiring the following additional personnel, depending on the number of licensees: 1.0 FTE Principal Assistant (\$59,532); 1.0 FTE Administrative Office Support Assistant (\$28,260) to provide administrative support, be responsible for assisting the Principal Assistant, processing applications for licensure, and responding to inquiries related to the licensure law and/or rules and regulations; 0 to 3.0 FTE Office Support Assistant (\$22,272 each) to provide administrative support and assist with complaints and investigations; 1.0 to 5.0 FTE Licensure Technician II (\$26,292 each) to provide technical support, process applications for licensure and respond to any inquiries related to the licensure law or rules and regulations; 0 to 1.0 FTE Account Clerk II (\$24,984) to provide support for the Divisions' Central Accounting Section and/or Central Cash Receiving Room; and 1.0 FTE Investigator II (\$39,288) to conduct investigations and inspections, serve notices, and gather information as required by the board. The DED-PR assumes office space will be needed for the additional FTE at a cost of \$11,192 to \$33,576 annually.

The DED-PR assumes between 170 and 220 complaints would be received each year and would require, on average, five hours each to complete. The DED-PR estimates 30% of these complaints (51 to 66) will require investigations and 30% of the investigated complaints would require field investigations. The DED-PR estimates that 50% of these field investigation (8 to 10), each needing 30 hours of field work, would require one night's lodging. Travel expenses for the investigations are estimated to be between \$1,323 and \$1,713 annually. The DED-PR assumes complaints and investigations would not start until FY 08.

ASSUMPTION (continued)

The DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO) and the Administrative Hearing Commission (AHC). The AGO will provide assistance with board meetings, opinions, the promulgation of rules and regulations, interpretation of legislation, and litigation. AGO and AHC costs are based on the costs incurred by boards of similar size. AGO costs are estimated to be \$48,440 to \$130,000 annually beginning in FY 07 and AHC costs are estimated to be \$723 and \$7,000 annually beginning in FY 08.

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 \$14,183 to \$237,500. Subsequent years' printing and postage costs are expected to cost \$35,625 to \$75,604 annually, based on a similarly sized board. The DED-PR assumes existing staff would design, program, and implement a computer licensure program.

The DED-PR assumes licensed electrical contractors 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. These costs are estimated to be \$16,064 for FY 08 and \$48,514 to \$321,282 for FY 09.

Oversight has, for fiscal note purposes only, changed the starting salary for the Administrative Office Support Assistant, the Office Support Assistant, the Licensure Technician II, the Account Clerk II, and the Investigator II positions 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.

Oversight notes that the inclusion of rent expense and administrative overhead costs in the total costs to be incurred by the Electrical Industry Licensing Board 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 of the Electrical Industry Licensing Board.

Oversight has reduced the initial licensure fee on the DED-PR's assumption of 38,000 licensees from \$90 to \$80 based on estimated costs. Revenue for FY 08 is assumed to be \$3,040,000. Renewal fees were not changed.

ASSUMPTION (continued)

Officials from the **Office of Attorney General (AGO)** state the proposal creates a new licensing board within the Division of Professional Registration. The AGO will require 0.5 Assistant Attorney General (AAG) II to assist in the rule-making process and licensing matters. The AGO estimates FY 07 costs of \$31,876; FY 08 costs of \$34,404; and FY 09 costs of \$35,295.

Oversight assumes the additional duties will be absorbed within current staffing levels.

Oversight also assumes costs incurred by the AGO related to this category of licensees will be reimbursed by the Electrical Industry Licensing Board.

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
ELECTRICAL INDUSTRY LICENSING BOARD FUND			
<u>Transfer-In - DED-PR</u>			
Transfer from PR Fees Fund	\$324,770 to \$907,699	\$0	\$0
<u>Income - DED-PR</u>			
Licensure Fees/Renewals	\$0	\$1,140,000 to \$3,040,000	\$34,200 to \$102,600
<u>Costs - DED-PR</u>			
Personal Service (4 to 12 FTE)	(\$120,706) to (\$267,096)	(\$149,236) to (\$332,083)	(\$152,897) to (\$340,275)
Fringe Benefits	(\$51,949) to (\$116,449)	(\$64,520) to (\$145,082)	(\$66,133) to (\$148,691)
Expense and Equipment	(\$94,348) to (\$365,335)	(\$32,196) to (\$101,427)	(\$33,078) to (\$104,217)
AGO and AHC	(\$48,440) to (\$130,000)	(\$49,163) to (\$137,000)	(\$49,163) to (\$137,000)
Rent and other allocated costs	<u>(\$9,327) to</u> <u>(\$28,819)</u>	<u>(\$27,592) to</u> <u>(\$51,685)</u>	<u>(\$60,388) to</u> <u>(\$357,971)</u>
Total <u>Costs</u> - DED-PR	<u>(\$324,770) to</u> <u>(\$907,699)</u>	<u>(\$322,707) to</u> <u>(\$767,277)</u>	<u>(\$361,659) to</u> <u>(\$1,088,154)</u>
ESTIMATED NET EFFECT ON ELECTRICAL INDUSTRY LICENSING BOARD FUND			
	<u>\$0</u>	<u>\$817,293 to</u> <u>\$2,272,723</u>	<u>(\$327,459) to</u> <u>(\$985,554)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
PR FEES FUND			
<u>Transfer-Out - DED-PR</u>			
Transfer to Electrical Industry Licensing Board Fund	(\$324,770) to <u>(\$907,699)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>(\$324,770) to (\$907,699)</u>	<u>\$0</u>	<u>\$0</u>
OTHER PR FUNDS			
<u>Savings - DED-PR</u>			
Reduction in rent and overhead costs allocated to other licensing boards	<u>\$9,327 to \$28,819</u>	<u>\$27,592 to \$51,685</u>	<u>\$60,388 to \$357,971</u>
ESTIMATED NET EFFECT ON OTHER PR FUNDS	<u>\$9,327 to \$28,819</u>	<u>\$27,592 to \$51,685</u>	<u>\$60,388 to \$357,971</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

The proposal may impact small businesses that obtain a license or pay the license fee of employees.

DESCRIPTION

This proposal establishes the Missouri Electrical Industry Licensing Board. The board will have seven members, six will represent professional associations and one shall represent the public. The board shall be appointed by the Governor and confirmed by the Senate. The board, in collaboration with the Division of Professional Registration shall adopt, implement, rescind and amend rules and regulations pursuant to this proposal. Further the board shall have the power to grant, rescind or otherwise punish licensees under their jurisdiction.

DESCRIPTION (continued)

The proposal establishes licensure requirements for an electrical contractors, low voltage electrical contractors, and limited electrical contractors. The proposal allows the board to waive the certification requirements of the proposal for those electrical contractors who are operating as such before the enactment of this proposal.

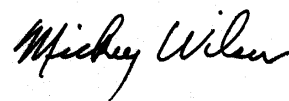
Any violation of this proposal may subject the individual to criminal and civil penalties.

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 the Governor
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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