

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0153-04
Bill No.: SB 568
Subject: Licenses - Professional
Type: Original
Date: March 5, 2007

Bill Summary: Creates licensure requirements for electrical contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Missouri Electrical Industry Licensing Board	\$0	\$552,854	(\$179,489)
PR Fees	(\$166,819)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$166,819)	\$552,854	(\$179,489)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of Attorney General (AGO)** assume that costs can be absorbed with existing resources. However, if this proposal is combined with other similar proposals, the AGO would seek additional appropriations to handle the increase in workload.

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

Officials from the **Office of Prosecution Services (OPS)** state any increase in the number of cases referred for criminal prosecution will have an additional fiscal impact on County Prosecutors. However, the OPS is not able to establish an estimate of the number of additional criminal cases that would be referred to the County Prosecutors for charges because of this proposed legislation. It is therefore, not possible determine if the proposal would have a significant direct fiscal impact on county prosecutors of the OPS.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also 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 SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs 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 **City of Poplar Bluff** state the city currently licenses both journeyman and master electricians. Therefore, this proposal could result in a negative fiscal impact to the City of Poplar Bluff.

Officials from **Texas County** state this proposal will have a negative impact on the county's general revenue fund. Texas County estimates the proposal will result in a loss of less than \$20,000 annually.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state based on a 2007 search of Superpages.com, it is estimated that 1,665 individuals in the state of Missouri will be required to be licensed. The DIFP estimates licensing and renewal fees at \$450, biennially. It is further assumed that there will be a 3% growth rate.

The DIFP assumes no revenue will be generated by the board until FY 09. Therefore, expenses incurred by the board in FY 08 will be paid by the PR Fees Fund from a lending board within the division. It is estimated payback of any outstanding loans would be made in FY 11.

Based on boards of similar size, it is assumed that 2.0 FTE will be needed: One (1.0 FTE) Principal Assistant/Executive Director (\$59,532 annually) will be needed to work with the board and one (1.0 FTE) Licensure Technician II (23,916 annually) will be needed to process applications for licensure as well as respond to inquiries related to licensure laws and/or rules and regulations.

The DIFP assumes that board meetings will cost approximately \$3,406 per meeting and that the board will meet 4 times per year. It is also assumed that printing and postage costs will be approximately \$13,000 per year and Attorney General Office and Administrative Hearing Commission costs will be approximately \$30,100 per year. These costs are based on boards of a similar size.

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

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND			
<u>Transfer-In - DIFP</u>			
Transfer from PR Fees Fund	\$166,819	\$0	\$0
<u>Income - DIFP</u>			
License/renewal fees	\$0	\$749,250	\$22,500
<u>Costs - DIFP</u>			
Personal service costs (2.0 FTE)	(\$71,526)	(\$88,284)	(\$90,807)
Fringe benefits	(\$32,373)	(\$39,957)	(\$41,099)
Equipment and expense	(\$33,917)	(\$33,232)	(\$34,230)
Board per diem, AGO and AHC	<u>(\$29,003)</u>	<u>(\$34,923)</u>	<u>(\$35,853)</u>
Total <u>Cost</u> - DIFP	<u>(\$166,819)</u>	<u>(\$196,396)</u>	<u>(\$201,989)</u>
FTE Change - DIFP	2.0 FTE	2.0 FTE	2.0 FTE
 ESTIMATED NET EFFECT ON MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND			
	<u>\$0</u>	<u>\$552,854</u>	<u>(\$179,489)</u>
 Estimated Net FTE Change for Missouri Electrical Industry Licensing Board Fund			
	2.0 FTE	2.0 FTE	2.0 FTE
 PR FEES FUND			
<u>Transfer-Out - DIFP</u>			
Transfer to Missouri Electrical Industry Licensing Board Fund	<u>(\$166,819)</u>	<u>\$0</u>	<u>\$0</u>
 ESTIMATED NET EFFECT ON PR FEES FUND			
	<u>(\$166,819)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
LOCAL GOVERNMENTS - COUNTY PROSECUTORS			
<u>Costs - County Prosecutors</u>			
Increase in criminal prosecutions	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - COUNTY PROSECUTORS			
	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
LOCAL GOVERNMENTS - CITIES AND COUNTIES			
<u>Loss - Cities and Counties</u>			
Reduction in licensing revenues	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - CITIES AND COUNTIES			
	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal will impact small business electrical contractors that obtain a license or pay the license fee of employees.

FISCAL DESCRIPTION

This proposal establishes licensure requirements for electrical contractors.

The proposal establishes the Missouri Electrical Industry Licensing Board vested with the power to grant, rescind or otherwise punish licensees under their jurisdiction. The board may waive the certification requirements for certain electrical contractors who were licensed locally before the enactment of this proposal. The proposal requires all electrical contracting firms to employ at least one licensed electrical contractor.

FISCAL DESCRIPTION (continued)

A political subdivision may opt-out of requiring contractors in that subdivision to obtain any license, and may retain their own licensing standards. However, persons holding a statewide license shall be allowed to practice anywhere regardless of any local licensing standards

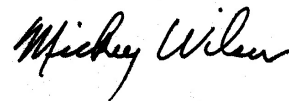
Any violation of this proposal may subject the individual to criminal and civil penalties.

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 Insurance, Financial and Professional Regulation
Department of Revenue
Office of the Governor
Office of Prosecution Services
Missouri Senate
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
City of Poplar Bluff
Texas County

Mickey Wilson, CPA



Director

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