

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4063-01  
Bill No.: SB 1093  
Subject: Licenses - Professional  
Type: Original  
Date: February 25, 2008

Bill Summary: Creates licensure requirements for electrical contractors.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 2009	FY 2010	FY 2011
Electrical Industry Licensing	\$0	\$341,367	(\$150,367)
PR Fees	(\$146,144)	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$146,144)</b>	<b>\$341,367</b>	<b>(\$150,367)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Electrical Industry Licensing	1.5	1.5	1.5
<b>Total Estimated Net Effect on FTE</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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## 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, Office of State Treasurer, and St. Louis County Department of Public Works** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** assume costs relating to this proposal 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** anticipates that 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 Secretary of State (SOS)** state the fiscal impact for this proposal for Administrative Rules 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 Columbia** state the proposal may result in a slight reduction in revenues associated with lost electrical licenses. However, this impact will not be felt until the use of the state electrical licenses is widely accepted. From January 1, 2006 through December 31, 2007, revenues from electrical licenses was \$4,971.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP) - Division of Professional Registration (DPR)** assume, based on a projection from a member of the association, that 1,000 individuals in the state of Missouri will be required to be licensed. The DPR estimates licensing and renewal fees at \$500, biennially. However, should the number of licensees vary significantly from the number estimated, the licensure fees will be adjusted accordingly. It is further assumed that there will be a 3% growth rate.

ASSUMPTION (continued)

The DPR assumes no revenue will be generated by the board until FY 10. Therefore, expenses incurred by the board in FY 09 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 12. The DPR notes that once the fees for the board are established by rule, other fees could offset the estimated costs.

Based on boards of similar size, it is assumed that 1.5 FTE will be needed: One part-time (0.5 FTE) Principal Assistant/Executive Director (\$47,676 annually) will be needed to work with the board and serve as the senior executive officer of the licensing agency; one part-time (0.5 FTE) Licensure Technician II (\$24,636 annually) will be needed to process applications for licensure as well as respond to inquiries related to licensure laws and/or rules and regulations, and one part-time (0.5 FTE) Investigator II (\$34,908 annually) will be needed to conduct investigations and inspections, service notices and gather information required by the board.

The DPR estimates the board will receive approximately 53 complaints annually, but does not anticipate receiving any complaints until FY 10. It is estimated that 30% of the complaints filed will require field investigations (16) and that 50% of those (8) will require an investigator to incur overnight expenses. The DPR estimates \$2,751 in annual investigative expenses.

The DPR assumes that board meetings will cost approximately \$2,527 per meeting (7 board members) and that the board will meet 4 times per year. It is also assumed that printing and postage costs will be approximately \$4,096 per year and Attorney General Office and Administrative Hearing Commission (AHC) costs will be approximately \$7,016 per year (AHC costs will not be incurred until FY 10). These costs are based on boards of a similar size.

Officials from the **Office of Prosecution Services** 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 2009 (10 Mo.)	FY 2010	FY 2011
<b>ELECTRICAL INDUSTRY LICENSING FUND</b>			
<u>Transfer-In - DIFP</u>			
Transfer in from PR Fees Fund	\$146,144	\$0	\$0
<u>Income - DIFP</u>			
License/renewal fees		\$500,000	\$15,000
<u>Costs - DIFP</u>			
Personal service (1.5 FTE)	(\$45,793)	(\$56,325)	(\$57,732)
Fringe benefits	(\$20,250)	(\$24,907)	(\$25,529)
Equipment and expense	(\$78,601)	(\$70,030)	(\$74,362)
AGO and AHC	(\$1,500)	(\$7,371)	(\$7,744)
Total <u>Cost</u> - DIFP	<u>(\$146,144)</u>	<u>(\$158,633)</u>	<u>(\$165,367)</u>
FTE Change - DIFP	1.5 FTE	1.5 FTE	1.5 FTE
<b>ESTIMATED NET EFFECT ON ELECTRICAL INDUSTRY LICENSING FUND</b>			
	<u>\$0</u>	<u>\$341,367</u>	<u>(\$150,367)</u>
Estimated Net FTE Change for Electrical Industry Licensing Fund	1.5 FTE	1.5 FTE	1.5 FTE
<b>PR FEES FUND</b>			
<u>Transfer-Out - DIFP</u>			
Transfer to Electrical Industry Licensing Fund	<u>(\$146,144)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON PR FEES FUND</b>			
	<u>(\$146,144)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL GOVERNMENTS - CITIES AND COUNTIES</b>			
<u>Loss - Cities and Counties</u>			
Reduction in licensing revenue	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - CITIES AND COUNTIES</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

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. 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.

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

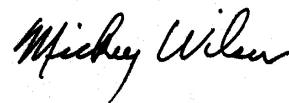
Any violation of this proposal may subject the individual to criminal and civil penalties.

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 Institutions and Professional Registration  
Department of Revenue  
Office of the Governor  
Missouri Senate  
Office of Secretary of State  
Office of State Public Defender  
Office of State Treasurer  
City of Columbia  
St. Louis County Department of Public Works

**NOT RESPONDING: Office of Prosecution Services; Cities of: Florissant, Fulton, Jefferson City, Joplin, Kansas City, Kirksville, Lees Summit, Liberty, Linn, Lebanon, Mexico, Neosho, Poplar Bluff, Rolla. Springfield, St. Joseph, St. Louis City, West Plains; and Counties of: Boone, Callaway, Camden, Cape Girardeau, Cole, Greene, Jackson, Johnson, Miller, New Madrid, Pemiscot, Phelps, Scotland, St. Charles, and Texas**



Mickey Wilson, CPA  
Director  
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