

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2153-01  
Bill No.: SB 506  
Subject: Fire Protection; Licenses - Professional  
Type: Original  
Date: March 23, 2009

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Bill Summary: This proposal creates fire sprinkler business regulations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue*	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Offsetting income and expenses

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Division of Fire Safety (DPS)** state this legislation will require the Division to administer a new program for the registration of fire sprinkler contractors and the licensing of managing employees. The legislation states the Division is to be responsible for promulgating rules, establishing criteria for sprinkler contractors and managing employees, registering contractors, evaluation applications, conducting examinations, handling complaints, and issuing licenses. The fees are to be no more than \$100 for the registration of the contractors, and no more than \$100 for the licensing of managing employees. Certificates of registration and licenses are to be renewed annually. All fees are deposited into general revenue to be used by the state fire marshal for use in carrying out the administration of the program.

There are approximately 65 contractors and 65 managing employees in the State of Missouri, therefore, it is anticipated these fees will generate approximately \$13,000 annually. The legislation also creates a seven-member board appointed by the state fire marshal, the Fire Sprinkler System Advisory Council, which will advise the fire marshal on the administration of the program.

DPS assumes the need for 1,000 hours of clerical assistance to administer the program. DPS assumes the annual cost of the board and clerical assistance to total roughly \$14,000 annually.

**Oversight** assumes the expenses incurred by the Division of Fire Safety to administer the program and provide support for the new board will not exceed the anticipated revenue from fees.

Officials from the **Office of the State Courts Administrator** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal will not fiscally impact their respective agencies.

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

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any

ASSUMPTION (continued)

new cases arising where indigent persons are charged with the proposed new crime of selling or installing without the proper certification - which would become a new Class A Misdemeanor.

Passage of bills increasing penalties on existing crimes, or creating new crimes, requires the State Public Defender System to further extend resources. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

**Oversight** assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Department of Corrections (DOC)** state that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs through supervision provided by the Board of Probation and Parole (FY 2008 average \$2.47 per offender, per day or an annual cost of \$902). Supervision by the DOC through probation would result in some additional costs, but DOC officials assume that 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 many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and 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 office can sustain with the 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 **Office of Prosecution Services** state the bill will have no measurable fiscal impact on their office. The potential fiscal impact on county prosecuting attorneys will necessarily depend on the extent to which law enforcement agencies choose to enforce this provision and/or are able to enforce this provision. If law enforcement agencies make arrests

ASSUMPTION (continued)

under this provision, there may be an impact based on the additional cases that may be filed.

**This proposal may increase Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE</b>			
<u>Income</u> - Division of Fire Safety			
\$100 annual fee for registration of contractors and managing employees	\$13,000	\$13,000	\$13,000
 <u>Costs</u> - Division of Fire Safety			
Administration of fire sprinkler business regulations	<u>(\$13,000)</u>	<u>(\$13,000)</u>	<u>(\$13,000)</u>
 <b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small fire sprinkler business could be fiscally impacted as a result of this proposal.

## FISCAL DESCRIPTION

The state Fire Marshal shall promulgate rules controlling the registration of persons and entities engaged in the fire sprinkler system business and the requirements for planning, installing and servicing such systems.

This act requires contractors to be registered with the state fire marshal in order to plan, sell, install, or service a fire sprinkler system. The application and issuance fees for unlimited or residential certificates of registration shall not exceed \$100. Unlimited certificates of registration apply to those working on all fire sprinkler systems, while residential certificates of registration apply to those working on systems for one or two family residential dwellings.

Each contractor must employ at least one licensed "responsible managing employee" on a full-time basis to assure that systems are installed and serviced according to standards. Such employee may only work for one contractor at a time. This act outlines the requirements that a "responsible managing employee" must meet in order to obtain an unlimited or residential license. The state Fire Marshal may assess an examination fee not to exceed \$100 for applicants who are required to take a written technical examination and a written practical examination. The state Fire Marshal must notify applicants of the results within a certain time period. The state Fire Marshal may adopt procedures to certify continuing education programs.

Certificates of registration and licenses shall be valid for one year and must be displayed in the contractor's place of business. The certificate of registration number must also be displayed on all plans, bids, offers, installation drawings, and contractor vehicles displaying the firm's name or logo. The fees collected from licensed contractors and "responsible managing employees" shall be deposited into the state general revenue fund to be used only by the state Fire Marshal to administer these provisions.

This act sets out the process for renewing a license or certificate of registration that is unexpired or expired and the required fee for such renewals. This act also establishes the required general liability insurance for applicants, but allows the state fire marshal to increase or decrease the amounts pursuant to rule.

This act creates the "Fire Sprinkler System Advisory Council" consisting of seven members appointed by the state Fire Marshal. The advisory council shall advise the state Fire Marshal about standards of practice in the fire sprinkler industry and the rules necessary to implement this act. It shall also make recommendations regarding forms and procedures for certificates of registration and licenses. Three of the members shall have worked in fire sprinkler business management for at least five years and be qualified to have an unlimited license and, one shall be a qualified fire or building official, one shall be an engineer, one shall have certain fire protection

FISCAL DESCRIPTION (continued)

certification, and one shall be a representative of the state Fire Marshal's office.

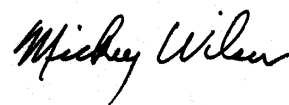
A person or organization shall not participate in the fire sprinkler business without a valid certificate of registration, act as a contractor without the necessary "responsible managing employee", act as a "responsible managing employee" without a valid license, obtain a certificate or license by fraudulent misrepresentation, or conduct fire sprinkler business in violation of this act. Such violations shall be a Class A misdemeanor. The state Fire Marshal may also apply for injunctive relief to stop a violation of this act.

The state Fire Marshal may refuse to issue or renew, or may suspend or revoke, a certificate of registration or license if a person violates this act or the rules adopted by the state Fire Marshal, or makes misrepresentations in connection with the sale of products or services rendered. The appeals process shall be conducted by the Administrative Hearing Commission.

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

Department of Public Safety  
Office of the Secretary of State  
Office of Administration  
Department of Corrections  
Office of the State Courts Administrator  
Office of the State Public Defender  
Office of Prosecution Services  
Department of Insurance, Financial Institutions and Professional Registration



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L.R. No. 2153-01  
Bill No. SB 506  
Page 8 of 8  
March 23, 2009

Director  
March 23, 2009