

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4783-06
Bill No.: SCS for SB 860
Subject: Contracts and Contractors; Fire Protection
Type: Original
Date: May 2, 2012

Bill Summary: This proposal authorizes the State Fire Marshall to issue certificates to fire sprinkler contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	\$14,673	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$14,673	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Fire Sprinkler Contractor Registration	\$25,219	(\$25,219)	\$28,100
Total Estimated Net Effect on <u>Other</u> State Funds	\$25,219	(\$25,219)	\$28,100

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Department of Public Safety - Division of Fire Safety (DPS)** stated this legislation establishes a new program for the Division of Fire Safety for the certification of fire sprinkler contractors. Section 320.402 states fire sprinkler contractors may register with the State Fire Marshal and for the State Fire Marshal to review the documentation and accept a registration fee to be established in rule. Section 320.408.8 creates the Fire Sprinkler Contractor Registration Fund to consist of monies collected under sections 320.400 to 320.416 to support the administration of the program. This fund would be swept biennially. Contractors are to renew every two years with the State Fire Marshal. Section 320.414 states the Fire Marshal may deny the request for registration.

A representative from the National Fire Sprinkler Association indicated there to be approximately 100 fire sprinkler contractors in the State of Missouri, and approximately 40 fire sprinkler contractors from surrounding states who may desire to be registered in Missouri.

Based on this information, the Division would hire a 1,000 hour clerical employee to process the applications and accounting, review the documentation, issue the registration certificates for the fire sprinkler contractors and forward any complaints to the current Deputy Chief of Fire Safety Inspections. Related expense and equipment funding would also be requested. Total costs for FY13 would be \$16,781. However, the fees set by rule would offset this expense. The registration fee of \$300 for each of the anticipated 140 contractors would generate \$42,000 in the first year, and \$3,000 in the second year. Fees would generate a positive net effect over two-year span.

In response to a previous version, officials from the **Office of the Secretary of State** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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ASSUMPTION (continued)

Officials from the **Office of the State Treasurer** and the **Joint Committee on Administrative Rules** each assume the proposal would not have a fiscal impact on their respective agencies.

Officials from the **Administrative Hearing Commission** anticipate that the legislation would not significantly alter its caseload. If similar bills pass, resulting in more cases, there will be fiscal impact.

Section 320.408.8 specifies that “any money remaining in the fund at the end of the biennium shall revert to the credit of the General Revenue Fund.” Therefore, **Oversight** will reflect a transfer from the new Fire Sprinkler Contractor Registration Fund to the General Revenue Fund in FY 2014 of the net balance of the fund from FY 2013 and FY 2014.

Oversight also assumes Subsections 320.402.2 and 320.402.3 allow local political subdivisions to continue to require contractors to obtain local permits. Therefore, Oversight assumes the proposal will not fiscally impact municipalities, counties or other local governments.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Transfer In</u> - from the Fire Sprinkler Contractor Registration Fund - Section 320.408.8 - any monies in the new Fire Sprinkler Contractor Registration Fund at the end of the biennium shall revert to General Revenue	<u>\$0</u>	<u>\$14,673</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$14,673</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2013	FY 2014	FY 2015
(continued)	(10 Mo.)		

**FIRE SPRINKLER CONTRACTOR
 REGISTRATION FUND**

Income - Division of Fire Safety (DFS)

Registration Fee - authorized in Section 320.406 to be set at a level to produce revenue which shall not exceed the cost and expenses of administering the program (estimated to be \$300) x 140 projected applicants	\$42,000	\$3,000	\$42,000
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Expense - Division of Fire Safety

1,000 hour clerical support	(\$8,333)	(\$10,250)	(\$10,506)
equipment and expense	<u>(\$8,448)</u>	<u>(\$3,296)</u>	<u>(\$3,394)</u>
Total Expense - DFS	(\$16,781)	(\$13,546)	(\$13,900)

Transfer Out - to General Revenue Fund fund balance reverts to the credit of GR biennially

\$0	<u>(\$14,673)</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT TO THE
 FIRE SPRINKLER CONTRACTOR
 REGISTRATION FUND**

<u>\$25,219</u>	<u>(\$25,219)</u>	<u>\$28,100</u>
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FISCAL IMPACT - Local Government

FY 2013	FY 2014	FY 2015
(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small fire sprinkler businesses would need to registered by the state as a result of this proposal.

FISCAL DESCRIPTION

This proposal allows contractors who engage in the installation of fire sprinkler systems or service fire sprinkler systems to apply for a certificate of registration. The registration statutes and rules have uniform effect throughout the state. Municipalities, counties, and other local governmental bodies are authorized to enact or enforce their own registration or licensing requirements.

The state fire marshal is given authority to promulgate rules. Such rules shall concern certification of contractors, applicable fees, and procedures for reciprocity with other states.

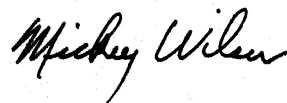
A contractor that applies with the state fire marshal for a certificate of registration must pay an application fee. The fees will be deposited in the Fire Sprinkler Contractor Registration Fund. The act also sets out the requirements that a contractor must meet to obtain a certificate of registration.

Certificates of registration are valid for two years and are not transferable. A fee shall be charged for duplicate certificates or changes to a certificate. A contractor holding itself out as a certified fire sprinkler contractor must display its certificate in a conspicuous place in the contractor's business. The state fire marshal is obligated to send out written notice at least thirty days prior to a certificate expiring.

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
Joint Committee on Administrative Rules
Office of the State Treasurer
Administrative Hearing Commission



Mickey Wilson, CPA
Director

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