

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4895-01
Bill No.: SB 678
Subject: Health Department; Licenses - Professional; Health, Public
Type: Original
Date: February 7, 2014

Bill Summary: This proposal modifies provisions relating to lead licensing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Missouri Public Health Services	\$27,917	(\$1,343)	(\$5,158)
Total Estimated Net Effect on <u>Other</u> State Funds	\$27,917	(\$1,343)	(\$5,158)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Missouri Public Health Services	4	4	4
Total Estimated Net Effect on FTE	4	4	4

- 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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation will require DHSS to develop a renovation, repair and painting (RRP) program that will include accredited training, licensing and inspections for RRP projects conducted in pre-1978 housing undergoing renovation activities.

The DHSS estimates the need to hire four additional staff to administer this program:

- Three Environmental Specialists II – (\$37,176 each, annually) would be needed to conduct trainings and assist in trainings, audits of other accredited training providers; conduct inspections and investigate complaints.
- One Health Program Representative II – (\$35,844 annually) would be needed to perform administrative duties for the licensing, and accredit training programs.

§701.301 - Requirements relating to lead-bearing substance activities and renovation:

It is estimated that DHSS would license 4,400 renovation firms operating in Missouri. Each renovation firm will be required to obtain a license to perform renovation activities. In addition, they will need to have their employee(s) trained and licensed. The license will be valid for two (2) years, with a cost of \$100 for renovation firms and \$20 for each employee performing renovation activities. DHSS assumes an average of two employees per firm who will be required to be trained and licensed. DHSS assumes approximately 2,200 firms (half of the 4,400 renovation firms) would become licensed within the first year, with the remaining 2,200 becoming licensed in the second year.

Year One

2,200 renovation firms x \$100 = \$220,000

2,200 renovation firms x 2 employees/firm x \$20 per employee = \$88,000

\$220,000 + \$88,000 = \$308,000 annually

Year Two

2,200 renovation firms x \$100 = \$220,000

2,200 renovation firms x 2 employees/firm x \$20 per employee = \$88,000

\$220,000 + \$88,000 = \$308,000 annually

The third year will include the licensure renewal of first year renovation firms and employees, resulting in an additional \$308,000 of revenue.

All fees collected from the licensing and training fees will be deposited into the Missouri Public Health Services (MOPHS) Fund and used to administer the program.

ASSUMPTION (continued)

§§701.311.1 and 701.316.1 - Complaint investigations:

The department will also be responsible for investigating lead-safety complaints that pertain to the licensed firms. These complaint investigations will require travel to the renovation site to observe work practices and document any noncompliance issues. Depending on the location of the renovation activity, this could take several hours of travel and possible follow-up site visits. These duties will be performed by the requested FTE.

§701.312.1 - Audits of accredited training providers:

The department will be required to perform audits on all Renovation, Repair and Painting (RRP) accredited training providers in Missouri for quality assurance. Accreditation requires approval of the training provider, training facility, training manager, and all principle instructors along with any guest instructors. RRP training requires initial and refresher RRP training courses. Audits of these accredited training courses at their locations will require travel throughout the state. These duties will be performed by the requested FTE.

The DHSS estimates a positive fiscal impact to the MOPHS fund of \$18,761 for FY 15 and costs to the MOPHS fund of \$12,413 for FY 16 and \$16,342 for FY 17.

Oversight has, for fiscal note purposes only, changed the starting salary for the Environmental Specialist II and Health Program Representative II positions to correspond to the second 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.

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY 13 average of \$18.014 per offender, per day, or an annual cost of \$6,575 per inmate) or through supervision provided by the Board of Probation and Prole (FY 13 average of \$5.07 per offender, per day, or an annual cost of \$1,851 per offender).

ASSUMPTION (continued)

DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence and the probability exists that offenders would be charged with a similar, but more serious offence, or that sentences may run concurrent to one another.

The DOC assumes supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed 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 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within 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.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of State Courts Administrator**, the **Department of Economic Development - Missouri Housing Development Commission**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Social Services**, and the **Department of Public Safety - Missouri State Highway Patrol** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
MISSOURI PUBLIC HEALTH SERVICES FUND			
<u>Income - DHSS</u>			
Licensing fees	\$308,000	\$308,000	\$308,000
<u>Costs - DHSS</u>			
Personal service	(\$116,760)	(\$141,515)	(\$142,928)
Fringe benefits	(\$59,533)	(\$72,180)	(\$72,900)
Equipment and expense	(\$64,846)	(\$48,447)	(\$49,657)
Other indirect costs	<u>(\$38,944)</u>	<u>(\$47,201)</u>	<u>(\$47,673)</u>
Total <u>Costs - DHSS</u>	(\$280,083)	(\$309,343)	(\$313,158)
FTE Change - DHSS	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT ON THE MISSOURI PUBLIC HEALTH SERVICES FUND			
	<u>\$27,917</u>	<u>(\$1,343)</u>	<u>(\$5,158)</u>
Estimated Net FTE Change on the Missouri Public Health Services Fund			
	4 FTE	4 FTE	4 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal has the potential to negatively impact small business renovation companies by increasing the cost to perform renovations, repairs or painting in pre-1978 residential housing, multi-family units or child-occupied facilities as well as imposing biennial licensing fees.

FISCAL DESCRIPTION

This proposal modifies provisions relating to lead abatement and renovation licensing and training, allowing the Department of Health and Senior Services to implement a renovation program authorized by the federal Environmental Protection Agency (EPA).

FISCAL DESCRIPTION (continued)

The licensed firm conducting the lead abatement project shall provide an occupant protection plan to the dwelling occupant notifying the occupant that information regarding potential lead hazards is available on the department's website. Also, the time frame for contractors to notify the department if a project was changed from ten days to five days.

Representatives of the department are authorized to conduct training audits in addition to compliance inspections of licensed firms, renovations firms or training providers. This proposal also allows for the department to train as well as issue licenses to lead inspectors, risk assessors, lead abatement supervisors, lead abatement workers, project designers, dust sampling technicians and licensed firms.

Under the proposal, no person shall engage in or conduct renovation activities in target housing or child occupied facilities without having a licensed renovator on each renovation site. The department shall require a licensed firm to provide evidence of current insurance coverage prior to conducting lead-bearing substance activities. Also, the list of qualified individuals and companies available to the public is updated to include risk assessors, licensed firms, lead abatement supervisors, renovation firms, renovators and dust sampling technicians.

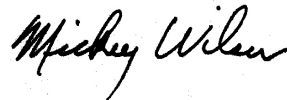
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Economic Development -
 Missouri Housing Development Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
 Missouri State Highway Patrol
Joint Commission on Administrative Rules
Office of Secretary of State

Not Responding:

Office of Prosecution Services



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February 7, 2014

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February 7, 2014