

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4151-05
Bill No.: SB 1022
Subject: Professional Registration and Licensing; Department of Insurance, Financial Institutions and Professional Registration; Contracts and Contractors; Construction and Building Codes; Boards, Commissions, Committees and Councils; Governor and Lieutenant Governor
Type: Original
Date: March 4, 2016

Bill Summary: This proposal requires any person acting as a roofing contractor to be licensed by the Missouri State Board of Roofers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Professional Registration Fees	(\$229,945)	\$0	\$0
Missouri State Board of Roofers	\$0	\$434,173	(\$198,001)
Total Estimated Net Effect on Other State Funds	(\$229,945)	\$434,173	(\$198,001)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Professional Registration Fees	3	3	3
Total Estimated Net Effect on FTE	3	3	3

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume that, based on information received from a representative of the group seeking legislation, 2,748 individuals in the state of Missouri will be required to be licensed. In addition, a 3% growth has been estimated.

The following board-specific expenses (based on a similar sized board, Board of Psychology) are being calculated to determine the additional appropriation needed by the division to support the board. The department assumes there are 3 FTE required by this proposal, 1 Principal Assistant (\$58,816 annually) needed to serve as the senior executive officer of the licensing agency, 1 Processing Technician II (\$26,652 annually) needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations, and 1 Investigator II (\$37,548 annually) needed to conduct investigations and inspections, serve notices, and gather information required by the board. In addition, there will be 7 board members receiving a \$70 per diem, board meetings are for 2 days and occur 1 time per year ($70 \times 2 \times 1 = \$140$ each annually).

Printing and postage expenses for the first year include printing of rules, applications, letterhead and envelopes, as well as costs associated with mailings associated with initial licensure.

Subsequent year's printing and postage is based on a board of similar size.

2,748	Number of Licensees
<u>\$12.50</u>	<u>Postage and Printing Costs</u>
<u>\$34,350.00</u>	<u>Total FY17 Printing and Postage Expense</u>
\$4,946.00	FY18 and FY19 Printing and Postage

An annual board meeting will have an expense of \$259 per board member, for an annual expense of \$1,813 (259×7).

During the first year of implementation, costs are calculated for the design, program, and implementation of the licensure program for new boards.

18	Hours for design, program, and implementation
<u>\$30.00</u>	<u>Cost per hour</u>
<u>\$540.00</u>	<u>Total Licensure System Costs</u>

ASSUMPTION (continued)

Based on a board of similar size, it is estimated that the board will receive approximately 21 complaints. The division does not anticipate receiving any complaints until FY18. It is estimated that 30% of the complaints filed would require field investigations. It is estimated that 50% of the complaints that are investigated would require an investigator to incur overnight expenses. Therefore, the following travel expenses have been calculated for investigations:

3	No. of Anticipated Investigations Requiring Overnight Stay
<u>\$157.00</u>	<u>Cost Per Investigation</u>
<u>\$471.00</u>	<u>Annual Investigative Expenses</u>

Boards within the division incur division-wide expenses based on specific board licensee averages, in addition to the department and Office of Administration cost allocations plans. The following expenses are based on a board of similar size and will not require additional appropriation for the PR Transfer Core budget; however, these costs will be considered in calculating the anticipated license and renewal fees.

\$4,319.00	Maintenance of Licensing System
\$1,911.00	Division Operating Expenses
\$8,880.00	Division Personal Service Expenses
\$ 957.00	Department Cost Allocation
<u>\$-</u>	<u>Office of Administration Cost Allocation</u>
<u>\$16,067.00</u>	<u>Total of Additional Expenses</u>

Costs are calculated for services provided to the division by the Attorney General's Office and the Administrative Hearing Commission. It is anticipated these costs will be incurred from the Attorney General's Office and the Administrative Hearing Commission in FY 2017. Estimates are based on a board of similar size.

\$1,784.00	Attorney General's Office
<u>\$-</u>	<u>Administrative Hearing Commission</u>
<u>\$1,784.00</u>	<u>Total AG and AHC Expenses</u>

The projected revenue reflects the fees listed below for all categories of licensure. In addition, a 3% growth rate has been estimated. It is estimated that the collection of initial license fees will begin in FY18 and renewal fees will not be collected until FY19. It is also important to note, that once the fees for the board are established by rule other fees could offset the estimated costs.

Limited License	Fee: \$50.00	Renewal: X	Biennial
Unlimited License	Fee: \$300.00		Annual

ASSUMPTION (continued)

It is assumed that all fees collected would be deposited into the State Roofing Contractors Fund and all expenses would be paid out of that fund. It is assumed no revenue will be generated by the State Roofing Contractors Fund in the first year, therefore, expenses incurred by the board will be paid back to the PR Fees Fund by a lending board within the division, pursuant to section 324.016, RSMo. It is estimated payback of any outstanding loans would be made in FY 2019.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
PROFESSIONAL REGISTRATION FEES FUND			
<u>Costs - DIFP</u>			
Salaries	(\$103,330)	(\$125,236)	(\$126,488)
Fringe Benefits	(\$53,237)	(\$64,220)	(\$64,559)
Equipment and Expense	(\$55,527)	(\$10,724)	(\$10,869)
Other Fund Costs	<u>(\$17,851)</u>	<u>(\$18,297)</u>	<u>(\$18,755)</u>
<u>Total Costs - DIFP</u>	(\$229,945)	(\$218,477)	(\$220,671)
FTE Change - DIFP	3 FTE	3 FTE	3 FTE
 <u>Transfer In - From Missouri State Board of Roofers Fund</u>			
	<u>\$0</u>	<u>\$218,477</u>	<u>\$220,671</u>
 ESTIMATED NET EFFECT ON PROFESSIONAL REGISTRATION FEES FUND			
	<u>(\$229,945)</u>	<u>\$0</u>	<u>\$0</u>
 MISSOURI STATE BOARD OF ROOFERS FUND			
<u>Transfer Out - To Professional Registration Fees Fund</u>			
	\$0	(\$218,477)	(\$220,671)
<u>Income - Licensing Fees</u>	<u>\$0</u>	<u>\$652,650</u>	<u>\$22,670</u>
 ESTIMATED NET EFFECT ON MISSOURI STATE BOARD OF ROOFERS FUND			
	<u>\$0</u>	<u>\$434,173</u>	<u>(\$198,001)</u>

FISCAL IMPACT - Local Government

FY 2017
(10 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Roofing contractors will be required to be licensed, and may be fiscally impacted by this proposal.

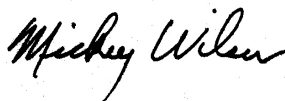
FISCAL DESCRIPTION

This proposal provides that beginning in January 1, 2018, any person acting as a roofing contractor must be licensed by the Missouri State Board of Roofers. There are two types of licenses an unlimited roofing license and a limited roofing license. Roofing contractors with a limited roofing license can only offer and provide services to residential properties consisting of eight units or less. Licensure is not required for persons subcontracted by a licensed roofing contractor, a property owner acting as a home improvement contractor, or persons licensed by another state agency performing work within the scope of their license.

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 Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
March 4, 2016

Ross Strobe
Assistant Director
March 4, 2016