

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1045-03
Bill No.: SCS for SB 240
Subject: Licenses - Professional; Boards, Commissions, Committees, Councils; Political Subdivisions
Type: Original
Date: March 24, 2017

Bill Summary: This proposal creates a statewide license for electrical contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	FY 2022
Professional Registration Fees	(\$243,317)	\$0	\$0	\$0
Missouri Electrical Industry Licensing Board	\$0	\$631,499	(\$197,586)	\$310,172
Total Estimated Net Effect on Other State Funds	(\$243,317)	\$631,499	(\$197,586)	\$310,172

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	FY 2022
Professional Registration Fees	3	3	3	3
Total Estimated Net Effect on FTE	3	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 2018	FY 2019	FY 2020	FY 2022
Local Government	(Unknown, Greater than \$100,000)	(Unknown, Greater than \$100,000)	(Unknown, Greater than \$100,000)	(Unknown, Greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state based on a projection from a representative of the group seeking legislation, it is estimated that approximately 1,421 individuals in the state of Missouri will be required to be licensed. In addition, a 3% growth rate has been estimated.

The following board-specific expenses were calculated based on existing boards of similar size to determine the additional appropriation needed by DIFP to support the board. In regards to staffing, 3 FTE are necessary to comply with the proposal, 1 Executive Director at \$60,000/year, 1 Processing Technician II at \$27,180/year, and 1 Investigator II at \$38,304/year.

Other annual expenses associated with this legislation include:

Printing and Postage Expenses: 1,421 Licensees x \$12.50 = \$17,763

Program changes for the licensure system: 18 Hours for design, program and implementation x \$75 per hour = \$1,350

Complaints and investigation: 3 anticipated complaints requiring overnight stay x \$159 per investigation = \$477

Attorney General's Office: \$13,696

Administrative Hearing Commission: \$1,652

In summary, DIFP assumes a cost of \$243,317 in FY 2018, \$221,101 in FY 2019 and \$223,386 in FY 2020 to provide for the implementation of the changes in this proposal.

DIFP projects a revenue of \$852,600 (\$600 fee x 1,421 individuals) in FY 2019. In addition, a 3% growth rate for FY 2020. It is estimated that the collection of the initial license fees will begin in FY 2019 and the triennial renewal fees of \$781,550 (\$550 renewal fee x 1,421) will not be collected until FY 2022. It is assumed that all fees collected would be deposited into the Missouri Electrical Industry Licensing Board Fund and that all expenses would be paid out of that fund. It is assumed no revenue will be generated 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 also estimated payback of any outstanding loans would be made in FY 22. However, should the number of licensees largely vary from the number estimated, the licensure fees will be adjusted accordingly.

ASSUMPTION (continued)

Officials from the **Office of the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

In response to a previous version, officials from the **County of St. Louis** assumed programming costs to their master permit system to recognize a state license will be required. Costs are undetermined but expected to be substantial. Additional inspection staff would be needed as inspection time increases if contractors are licensed to work in St. Louis County but have not had to strictly comply with the codes in the past. Costs would be incurred if a complaint is filed and several staff members including their attorney would need to travel to administrative hearings to present evidence to support charges filed with the board. Approximately \$75,000 annually for an inspector. If passed, the proposal would remove about \$60,000 annually. Revenue would be lost from license fees as their local license would be made irrelevant. These fees fund the position responsible for licensing and maintaining the bond and insurance. The workload would not decrease because a position is still needed to maintain the state license holders in a data base for permit issuance as well as verification of open permits pursuant to 324.935.1(3).

In response to a previous version, officials from the **Callaway County** assumed the current proposal would not fiscally impact their local government.

Oversight assumes this proposal will result in a negative fiscal impact of Unknown, Greater than \$100,000 to local political subdivisions.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	FY 2022
PROFESSIONAL REGISTRATION FEES FUND				
<u>Costs - DIFP</u>				
Salaries	(\$104,570)	(\$126,739)	(\$128,006)	(\$130,579)
Fringe Benefits	(\$56,911)	(\$68,667)	(\$69,044)	(\$69,810)
Equipment and Expense	(\$66,488)	(\$9,963)	(\$10,211)	(\$10,730)
Other Fund Cost	<u>(\$15,348)</u>	<u>(\$15,732)</u>	<u>(\$16,125)</u>	<u>(\$16,942)</u>
Total Costs - DIFP	<u>(\$243,317)</u>	<u>(\$221,101)</u>	<u>(\$223,386)</u>	<u>(\$228,061)</u>
FTE Change - DIFP	3 FTE	3 FTE	3 FTE	3 FTE
 <u>Transfer In - From Missouri Electrical Industry Licensing Fund</u>	 <u>\$0</u>	 <u>\$221,101</u>	 <u>\$223,386</u>	 <u>\$228,061</u>
Reimbursement				
ESTIMATED NET EFFECT ON PROFESSIONAL REGISTRATION FEES FUND	<u>(\$243,317)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Estimated Net FTE Change on Professional Registration Fees Fund	 3 FTE	 3 FTE	 3 FTE	 3 FTE

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	FY 2022
MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND				
<u>Revenue - DIFP</u> Initial				
Licensure/Renewal Fee	\$0	\$852,600	\$25,800	\$781,550
<u>Transfer Out -</u> Reimburse PR Fee Fund				
	<u>\$0</u>	<u>(\$221,101)</u>	<u>(\$223,386)</u>	<u>(\$471,378)</u>
ESTIMATED NET EFFECT ON MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND				
	<u>\$0</u>	<u>\$631,499</u>	<u>(\$197,586)</u>	<u>\$310,172</u>

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	FY 2022
LOCAL POLITICAL SUBDIVISIONS				
<u>Loss</u> - Reduction of Local License Fees	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - Programming and administrative costs associated with permits issued to state licensed contractors	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown, Greater than <u>\$100,000</u>)	(Unknown, Greater than <u>\$100,000</u>)	(Unknown, Greater than <u>\$100,000</u>)	(Unknown, Greater than <u>\$100,000</u>)

FISCAL IMPACT - Small Business

This proposal could fiscally impact electrical contractors.

FISCAL DESCRIPTION

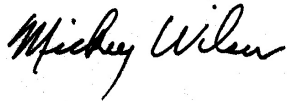
This proposal creates a statewide license for electrical contractors in Missouri. The Division of Professional Registration will issue the license to persons who meet the qualifications specified in this proposal. The license holder will be allowed to practice in any jurisdiction in the state, regardless of local licensing requirements.

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

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SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State
Attorney General's Office
Callaway County
County of St. Louis



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Director
March 24, 2017

Ross Strobe
Assistant Director
March 24, 2017