

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5069-01
Bill No.: SB 988
Subject: Professional Registration and Licensing
Type: Original
Date: March 2, 2018

Bill Summary: This proposal creates provisions relating to Professional Registration and Licensing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(\$53,600) to (Could exceed \$153,600)	(\$53,600) to (Could exceed \$153,600)	(\$53,600) to (Could exceed \$153,600)
Total Estimated Net Effect on General Revenue	(\$53,600) to (Could exceed \$153,600)	(\$53,600) to (Could exceed \$153,600)	(\$53,600) to (Could exceed \$153,600)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Various State Funds	Less than (\$6,000,000)	Less than (\$6,000,000)	Less than (\$6,000,000)
Missouri Public Health Services*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	Less than (\$6,000,000)	Less than (\$6,000,000)	Less than (\$6,000,000)

*Transfer In and Loss Net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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 2019	FY 2020	FY 2021
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this bill would add a new section 324.015 allowing low-income individuals, young individuals and military families to apply for waivers of occupational fees and any other fees associated with licensing requirements, and requires all state and political subdivision licensing authorities to waive those fees.

While the exact fiscal impact would be unknown and depend upon how many department licensees qualify as military families, young individuals and/or low-income individuals and how many of those individuals who do qualify would be aware of and apply for waiver, the department has prepared a fiscal estimate based upon 2016 US Census data which indicates 7% of Missourians are veterans and 14% of Missourians are in poverty and DIFP's estimate that 4% of licensees are young people. When applying these percentages to department licensees as potential waivers, it is estimated that department funds could decrease up to \$6,000,000 in each of the three fiscal years in this fiscal note should the bill become law.

Depending upon the current fund balance in impacted funds, the exact fee revenue lost and the effort needed to update department licensing systems and the extent of the change required to make our licensing processes compliant with the new waiver process (i.e. affidavits vs. income determinations, documentation of veteran's status, documentation of age, etc.), to meet the department's statutory requirements to process licenses and protect consumers, the department may be required to request general revenue or increase licensure fees for those licensees that do not qualify for the waiver to cover any funding shortfall. Again, it is unknown at this time to the exact extent each regulatory fund may be affected should the bill become law and the exact level of detail of documentation and system changes required to grant the waiver to the licensee.

The Department assumes these occupational fees do not include continuing education course fees, testing fees and other fees required in addition to licensure fees. If these fees are also meant to be included in the waiver, the fiscal impact would be much greater and also established national and vendor contracts would be need to be reestablished under the new law, as many vendors would not be able to give the tests and courses free of charge for the waived individuals. If individual businesses were meant to be allowed to receive waivers under this bill, there could be a much larger fiscal impact to the Department in the form of reduced licensing fees collected though it is unknown how many of those business entities are operated by military families, low-income individuals and young individuals that would potentially be eligible for waivers under this bill.

ASSUMPTION (continued)

In summary, DIFP assumes an impact of up to a \$6,000,000 loss of revenue to Various State Funds.

Officials from the **Department of Health and Senior Services (DHSS)** assume the following:

Division of Community and Public Health

The Division of Community and Public Health issues occupation licenses for the Onsite Wastewater Treatment Program (OWTP) and the Lead Licensing Program (LLP).

Section 324.004

DCPH interprets the phrase "for the first year of licensure" to mean that initial license fees qualify for waiver, but not any license associated fees for anyone who already has a license (such as renewal fees or CEU fees).

Based on data from the Missouri Census Data Center -ACS report it is estimated that potentially 25% of the population would be eligible for the waiver:

- 15.6% of Missouri residents are below the Federal Poverty Line.
- 10% of Missouri adults are veterans.
- 9.72% of the population is between the ages of 18 and 24.
- With a total 35.32% of the population meeting of these eligibilities, it is assumed for fiscal note purposes that 25% of those licensed by DCPH would be eligible for waiving the license fees, given that there will be overlap of eligibility between categories.

In FY17, LLP collected approximately \$86,400 in licensing associated fees (initial and renewal licenses) deposited in the Missouri Public Health Services (MOPHS) Fund and used for program operations. Of that, approximately \$57,600 (66%) was related to initial licenses that would be subject to this bill. Assuming 25% of applicants would receive a fee waiver as described above, LLP would lose \$14,400 annually from LLP initial licensing fees.

In FY17, OWTP collected \$160,355 in licensing associated fees (initial license, renewal, continuing education courses) deposited in the MOPHS Fund and used for program operations. Of that, approximately \$104,231 (65%) was related to initial licenses that would be subject to this bill. Assuming 25% of initial license applicants would receive a fee waiver as described above, OWTP would lose \$26,058 annually from OWTP initial licensing fees.

This totals \$40,458 lost annually to the MOPHS Fund that would have to be made up by a request in general revenue funds to continue program operations.

ASSUMPTION (continued)

Division of Regulation and Licensure

The DRL's Board of Nursing Home Administrators (BNHA) collects fees associated with licensing nursing home administrators and residential care and assisted living administrators. For fiscal note purposes it is assumed that up to 10 percent of licensees would fall within the waiver criteria proposed within this legislation. In 2017, BNHC collected approximately \$131,415. The impact of this legislation could be a loss of revenue of unknown up to \$13,142 ($\$131,415 \times .10 = \$13,141.50$).

In summary, DHSS assumes a loss of income of \$13,142 to the General Revenue Fund in FY 2019, FY 2020 and FY 2021 and also a transfer of funds from the General Revenue Fund to the Missouri Public Health Service Fund of \$40,458 (\$14,440 + \$26,058) in FY 2019 and FY 2020 and FY 2021 as a result of loss of licensing fees to the Missouri Public Health Service Fund.

In response to a similar proposal from this year (HB 1261), officials from the **St. Louis County Government** assumed this legislation requires the County to provide unfunded services for certain categories of customers for free each ensuing year if this bill becomes law. Research and burden of proof will be even a bigger burden on the agency than just a typical license renewal.

Budgets are prepared based on expected revenue. This bill would reduce the revenue collected to provide licensing services proportionally related to the number of customers who are eligible under this bill to obtain the services for free. The exact number is unknown but fees would have to be increased on other customers to make up for this short fall of revenue created by free service for some.

In response to a similar proposal from this year (HB 1261), officials from the **City of Springfield** assumed there will be a negative fiscal impact to the City of Springfield; the financial impact cannot be determined without knowing how many military families, low-income individuals and individuals between the age of 18 and 25 that will purchase or renew occupational licenses, however, the loss is likely less than \$100,000.

In response to a similar proposal from this year (HB 1261), officials from the **City of Kansas City** assumed legislation could have a negative fiscal impact on Kansas City in an indeterminate amount because subsection 4 of such legislation could be interpreted by a court to apply only to application fees and therefore the provisions of subsection 2 would apply to Kansas City thus not allowing Kansas City to charge occupational licensing fees for military families, low-income individuals and young individuals.

ASSUMPTION (continued)

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

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, 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.

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 **Department of Social Services**, the **Department of Transportation**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Mental Health**, the **Department of Natural Resources** and the **Department of Agriculture** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Boone County** assume the proposal will have no fiscal impact on their organization.

Oversight has no information regarding the percentage of license holders that would qualify for this exemption. Oversight assumes the percentage of license holders that would qualify under these categories is not as high as the general population as assumed by DIFP (7%, 14%, & 4%), but we do not have better data to put forth an estimate. Therefore, Oversight will assume a fiscal impact to license fee revenue of "less than" the estimate provided by DIFP.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
Cost - DIFP	\$0 or (Unknown	\$0 or (Unknown	\$0 or (Unknown
Cost to implement the changes in the proposal	- could exceed \$100,000)	- could exceed \$100,000)	- could exceed \$100,000)
<u>Loss - DHSS</u>	(\$13,142)	(\$13,142)	(\$13,142)
Reduced revenue due to waiver - Nursing Home Administrators			
<u>Transfer Out - to Missouri Public Health Service Fund - DHSS</u>	<u>(\$40,458)</u>	<u>(\$40,458)</u>	<u>(\$40,458)</u>
Reduce revenue due to waiver			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$53,600) to (Could exceed \$153,600)</u>	<u>(\$53,600) to (Could exceed \$153,600)</u>	<u>(\$53,600) to (Could exceed \$153,600)</u>
VARIOUS STATE FUNDS			
<u>Loss - DIFP</u>	Less than	Less than	Less than
Loss of Licensing Fees	<u>(\$6,000,000)</u>	<u>(\$6,000,000)</u>	<u>(\$6,000,000)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	<u>Less than (\$6,000,000)</u>	<u>Less than (\$6,000,000)</u>	<u>Less than (\$6,000,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
(continued)	(10 Mo.)		

MISSOURI PUBLIC HEALTH SERVICES FUND

<u>Transfer In</u> - from the General Revenue Fund - DHSS	\$40,458	\$40,458	\$40,458
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<u>Loss</u> - DHSS Reduced revenue due to waiver -LLP and OWTP	<u>(\$40,458)</u>	<u>(\$40,458)</u>	<u>(\$40,458)</u>
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ESTIMATED NET EFFECT TO MISSOURI PUBLIC HEALTH SERVICE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
	(10 Mo.)		

LOCAL POLITICAL SUBDIVISIONS

<u>Loss</u> - of Licensing Fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

Positive impact on those businesses that have employees meeting qualifications for the exemption if the business reimburses the employee for the occupational license.

FISCAL DESCRIPTION

This act requires licensing authorities, as defined in the act, to waive all occupational fees and fees from licensing requirements for the first year of licensure for low-income families, military families, and young workers.

Additionally, licensing authorities are required to revise their existing licensing requirements to explicitly list the criminal records that would disqualify an applicant from receiving a license. The list of disqualifying criminal records shall be specific and directly related to the duties and responsibilities of the licensed occupation. Licensing authorities shall meet these listing requirements within 120 days after August 28, 2018.

An individual may petition a licensing authority to determine if the individual's criminal record disqualifies the individual from obtaining a license.


Under the act, political subdivisions are prohibited from creating new occupational licenses after August 28, 2018.

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
Department of Public Safety
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Health and Senior Services
Department of Natural Resources
Department of Agriculture
Department of Social Services
Department of Mental Health
City of Kansas City
St. Louis County Government
City of Springfield
St. Louis County Government
Boone County

Ross Strope



Acting Director
March 2, 2018