

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5409-06
Bill No.: SCS for SB 790
Subject: Boards, Commissions, Committees and Councils; Contracts and Contractors;
 Department of Insurance, Financial Institutions and Professional Registration;
 Professional Registration and Licensing
Type: Original
Date: April 30, 2018

Bill Summary: This proposal creates provisions relating to the registering of roofing contractors.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|--------------------|-----------------|--------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Professional Registration Fees | (\$240,518) | \$0 | \$0 |
| Missouri State Board of Roofers | \$0 | \$59,053 | (\$209,668) |
| Total Estimated Net Effect on Other State Funds | (\$240,518) | \$59,053 | (\$209,668) |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 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 |
| Professional Registration Fees | 3 FTE | 3 FTE | 3 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 3 FTE | 3 FTE | 3 FTE |

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 | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume that, based on information received from a representative of the group seeking legislation, 1,374 individuals in the state of Missouri will be required to be licensed. In addition, a 3% growth has been estimated.

Staffing:

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 (\$60,000 annually) needed to serve as the senior executive officer of the licensing agency, 1 Processing Technician II (\$27,180 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 (\$38,304 annually) needed to conduct investigations and inspections, serve notices, and gather information required by the board.

Licensure System:

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> |

Complaints and Investigations:

DIFP estimated that the board will receive approximately 17 complaints. The division does not anticipate receiving any complaints until FY20. It is estimated that 15% of the complaints filed would require field investigations.

ASSUMPTION (continued)

Revenue:

| | |
|----------|---------------------|
| 1374 | Estimated Licensees |
| \$200.00 | Initial License Fee |
| \$725.00 | Renewal License Fee |
| Biennial | Renewal Cycle |

- In the current language of this proposed legislation, an individual "may" register with the department according to the provisions of section 341.305.
- Projected revenue reflects fees collected for all categories of licensure
- A 3% growth rate has been estimated (41 additional initial licensees each year)
- It is estimated that the collection of initial license fees will begin in FY 2020 and renewal fees will not be collected until FY 2022
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly

Oversight assumes all fees collected will be deposited into the State Roofing Contractors Fund and all expenses would be paid out of that fund. Oversight also assumes no revenue will be generated by the State Roofing Contractors Fund in the first year.

Officials from the **Department of Revenue**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Courts Administrator**, the **Office of Administration - Administrative Hearing Commission**, the **Office of the State Treasurer** and the **Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of State Public Defender (SPD)** stated the SPD cannot assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crimes relating to the violation of new roofing contractor regulations, which would become a new class D misdemeanor. Subsequent violations would be charged as a new Class B misdemeanor.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|-------------------------------|-----------------------|-----------------------|
| PROFESSIONAL REGISTRATION FEES FUND | | | |
| <u>Cost - DIFP</u> | | | |
| Personal Service | (\$104,570) | (\$126,739) | (\$128,006) |
| Fringe Benefits | (\$58,027) | (\$70,005) | (\$70,382) |
| Equipment and Expense | (\$69,196) | (\$8,277) | (\$8,484) |
| Other Fund Cost | (\$8,725) | (\$10,726) | (\$10,995) |
| <u>Total Cost - DIFP</u> | <u>(\$240,518)</u> | <u>(\$215,747)</u> | <u>(\$217,868)</u> |
| FTE Change - DIFP | 3 FTE | 3 FTE | 3 FTE |
| <u>Transfer In - From Missouri State Board of Roofers Fund</u> | <u>\$0</u> | <u>\$215,747</u> | <u>\$217,868</u> |
| ESTIMATED NET EFFECT ON PROFESSIONAL REGISTRATION FEES FUND | <u>(\$240,518)</u> | <u>\$0</u> | <u>\$0</u> |
| Estimated Net FTE Change on the Professional Registration Fees Fund | 3 FTE | 3 FTE | 3 FTE |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|------------------------|---------------------------|
| MISSOURI STATE BOARD OF ROOFERS FUND | | | |
| <u>Income</u> - Licensing Fees | \$0 | \$274,800 | \$8,200 |
| <u>Transfer Out</u> - To Professional Registration Fees Fund | <u>\$0</u> | <u>(\$215,747)</u> | <u>(\$217,868)</u> |
| ESTIMATED NET EFFECT ON MISSOURI STATE BOARD OF ROOFERS FUND | <u>\$0</u> | <u>\$59,053</u> | <u>(\$209,668)</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Starting January 1, 2020, a person who is a roofing contractor or offers services as a roofing contractor in the state of Missouri may register with the Department of Insurance, Financial Institutions and Professional Registration.

An applicant for registration shall submit a completed application to the Department along with a non-refundable fee of up to \$200. An applicant has 90 days from the day the application is submitted to complete the application process. In order to receive a certificate of registration, an applicant shall file proof of motor vehicle insurance, a current worker's compensation policy, and liability insurance. If an out-of-state applicant has had a license revoked or suspended in another state, he or she shall not be issued a certificate of registration. An out-of-state applicant shall also have a no tax due statement from the Department of Revenue before he or she is issued a certificate of registration.

FISCAL DESCRIPTION (continued)

Liability insurance shall be for not less than \$1,000,000 and the insurance company that issues a liability insurance policy to a registered roofing contractor shall notify the Department in the event the policy is canceled or lapses for any reason.

A registered roofing contractor shall affix the registration number and the registrant's name to all of his or her contracts and bids. The official issuing building permits shall affix the contractor's registration number to each application for a building permit and on each building permit issued and recorded.

After a natural disaster, the Department shall notify the public through advertisements and public service announcements that roofing contractors may register with the Department. Advertising costs shall be paid out of the Roofing Contractor Fund established under the act. If there are insufficient funds to cover advertising costs, the Department shall pay for such expenses out of its annual appropriation.

Any complaints received by the Department shall be recorded, and the Department shall investigate all complaints concerning alleged violations of this act. The Department may refuse to issue, renew, suspend, or revoke a certificate of registration for failure to meet the requirements of this act. Any person in violation of the act shall be found guilty of a Class D Misdemeanor. A second conviction within ten years after the first conviction is a Class B Misdemeanor.

The provisions of the act expire on August 29, 2023

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 Revenue
Office of Prosecution Services
Office of the State Public Defender
Office of the State Treasurer
Office of the State Courts Administrator
Office of Administration
 Administrative Hearing Commission
Department of Public Safety
 Missouri Highway Patrol

Ross Strope



Acting Director
April 30, 2018