

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1575S.02I  
 Bill No.: SB 326  
 Subject: Contracts and Contractors; Department of Commerce and Insurance, Professional  
 Registration and Licensing;  
 Type: Original  
 Date: February 25, 2021

Bill Summary: This proposal authorizes roofing contractors in this state to register with the  
 Department of Commerce and Insurance.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2022    | FY 2023    | FY 2024    |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                    |                |                    |
|---|--------------------|----------------|--------------------|
| FUND AFFECTED   | FY 2022            | FY 2023        | FY 2024            |
| Professional Registration Fees (0689)                         | (\$296,949)        | \$0            | \$0                |
| Roofing Contractor Registration Fund                          | \$0                | \$2,420        | (\$267,071)        |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>(\$296,949)</b> | <b>\$2,420</b> | <b>(\$267,071)</b> |

Numbers within parentheses: () indicate costs or losses.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
| Professional Registration Fees (0689)                     | 3 FTE          | 3 FTE          | 3 FTE          |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>3 FTE</b>   | <b>3 FTE</b>   | <b>3 FTE</b>   |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 324.1200 - 324.1234 - Roofing Contractors

Officials from the **Department of Commerce and Insurance (DCI)** assume the following:

#### Revenue:

|          |                     |
|----------|---------------------|
| 1,374    | Estimated Licensees |
| \$200    | Initial License Fee |
| \$725    | Renewal License Fee |
| Biennial | Renewal Cycle       |

- In the current language of this proposed legislation, an individual will register with the department.
- Projected revenue reflects fees collected for all categories of licensure
- A 3% growth rate has been estimated (41 additional licensees each year)
- It is estimated that the collection of initial license fees will begin in FY 2022 and renewal fees will not be collected until FY 2024
- 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 Roofing Contractor Registration Fund in the first year.

In summary, **DCI** assumes revenue of \$274,800 (\$200 x 1,374 licenses) in FY 2023 and \$8,200 (\$200 x 41 (3% of 1,374) licenses) in FY 2024 as a result of this proposal

#### Staffing:

**DCI** further states the following board-specific expenses are being calculated to determine the additional appropriation needed by the division to support the board and to assist in calculating the anticipated license and renewal fees.

1 - Principal Assistant at \$67,000 annually needed to serve as the senior executive officer of the registration agency.

1 – Customer Service Representative at \$30,089 annually needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

1 - Non Commissioned Investigator at \$45,000 annually needed to conduct investigations and inspections, serve notices, and gather information required by the board.

Complaints and Investigations:

Complaints and Investigations It is estimated the board will receive approximately 21 complaints. The division does not anticipate receiving any complaints until FY 2023. It is estimated 15% of the complaints filed will require field investigations with 50% requiring overnight travel. A car is needed to conduct investigations and will need to be eventually replaced based upon usage. Therefore, the vehicle cost is considered an ongoing expense and appropriation need.

**Oversight** notes this proposal is similar to a proposal from this year (HB 471) in which DCI estimated a cost of 2 FTE. Oversight also notes that HB 471 gives enforcement of complaints and investigations to the Attorney General Office whereas this proposal gives enforcement of complaints and investigations to the division of Professional Registration within DCI. DCI has estimated a cost of 3 FTE to account for the complaints and investigation requirement in this proposal.

In summary, DCI assumes a cost of \$296,949 in FY 2022, \$272,380 in FY 2023 and \$275,271 in FY 2024 to provide for the implementation of the changes in this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect DCI's fiscal impact in the fiscal note.

Officials from the **Attorney General's Office**, the **Office of the State Public Defender**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Treasurer**, the **Office of Prosecution Services**, the **Office of the State Courts Administrator** and the **Office of Administration - Administrative Hearing Commission** each assume the proposal will not impact their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

| <u>FISCAL IMPACT –<br/>State Government</u>   | FY 2022<br>(10 Mo.)       | FY 2023            | FY 2024            |
|---|---------------------------|--------------------|--------------------|
| <b>PROFESSIONAL<br/>REGISTRATION<br/>FEES FUND (0689)</b>                                     |                           |                    |                    |
| Transfer In - from<br>Roofing Contractor<br>Fund  | \$0                       | \$272,380          | \$275,271          |
| <u>Cost – DCI</u>   |                           |                    |                    |
| Personal Service (3<br>FTE)   | (\$118,408)               | (\$143,510)        | (\$144,945)        |
| Fringe Benefits   | (\$74,337)                | (\$89,675)         | (\$90,150)         |
| Equipment and<br>Expense  | (\$75,079)                | (\$9,342)          | (\$9,576)          |
| Other Cost  | (\$29,125)                | (\$29,853)         | (\$30,600)         |
| <u>Total Cost - DCI</u>   | <u>(\$296,949)</u>        | <u>(\$272,380)</u> | <u>(\$275,271)</u> |
| FTE Change - DCI  | 3 FTE                     | 3 FTE              | 3 FTE              |
| <b>ESTIMATED NET<br/>EFFECT TO THE<br/>PROFESSIONAL<br/>REGISTRATION<br/>FEES FUND (0689)</b> | <b><u>(\$296,949)</u></b> | <b><u>\$0</u></b>  | <b><u>\$0</u></b>  |
| Estimated Net FTE<br>Change to the<br>Professional<br>Registration Fees Fund                  | 3 FTE                     | 3 FTE              | 3 FTE              |
|   |                           |                    |                    |
|   |                           |                    |                    |
|   |                           |                    |                    |
|   |                           |                    |                    |
|   |                           |                    |                    |
|   |                           |                    |                    |
|   |                           |                    |                    |

| <u>FISCAL IMPACT –<br/>State Government</u><br>(continued)                              | FY 2022<br>(10 Mo.) | FY 2023               | FY 2024                   |
|---|---------------------|-----------------------|---------------------------|
| <b>ROOFING<br/>CONTRACTOR<br/>REGISTRATION<br/>FUND</b>                                 |                     |                       |                           |
| <u>Income</u> - Licensing<br>Fees   | \$0                 | \$274,800             | \$8,200                   |
| <u>Transfer Out</u> - To<br>Professional<br>Registration Fees Fund                      | \$0                 | (\$272,380)           | (\$275,271)               |
| <b>ESTIMATED NET<br/>EFFECT ON<br/>ROOFING<br/>CONTRACTOR<br/>REGISTRATION<br/>FUND</b> | <b><u>\$0</u></b>   | <b><u>\$2,420</u></b> | <b><u>(\$267,071)</u></b> |

| <u>FISCAL IMPACT –<br/>Local Government</u> | FY 2022<br>(10 Mo.) | FY 2023           | FY 2024           |
|---|---------------------|-------------------|-------------------|
|   | <b><u>\$0</u></b>   | <b><u>\$0</u></b> | <b><u>\$0</u></b> |

FISCAL IMPACT – Small Business

This proposal could impact small business roofing companies by requiring roofing contractors to obtain a registration certificate in order to engage in the business of a roofing contractor.

FISCAL DESCRIPTION

Beginning January 1, 2023, a person who is a roofing contractor or offers services as a roofing contractor in the state of Missouri shall register with the Department of Commerce and Insurance.

An applicant for registration shall submit a completed application to the Department along with a nonrefundable 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.

Liability insurance shall be for not less than \$1,000,000. If a registered roofing contractor is found to be operating without proper insurance, the contractor's certificate of registration shall be suspended until the contractor furnishes proof of insurance to the Department. Additionally, such contractor shall be required to report proof of such insurance to the Department quarterly for two consecutive years.

No political subdivision of the state shall require a roofing contractor to be registered under the act in order to operate as a roofing contractor within the boundaries of such political subdivision. No political subdivision of the state shall require the inspection of a roof more than one time if the cost to construct or repair such roof is less than \$10,000.

A registered roofing contractor shall affix the registration number and the registrant's name to all of his or her contracts and bids.

The Department shall maintain a list of registered roofing contractors on its website. Inclusion on the list does not constitute an endorsement by the Department.

After a storm event occurs, as defined in the act, the Department shall notify the public that roofing contractors may register with the Department. The notice shall be limited to those parts of the state where the storm event occurred. The notice may be given in formats that include the use of advertisements and public service announcements in print, radio, television, and online media. Expenses related to such notice shall be paid out of the Roofing Contractor Fund established under the act.

Any complaints received by the Department shall be recorded, and the Department shall investigate all complaints concerning alleged violations of this act. The Department shall refer documented information about such complaints and investigations to the Attorney General. Whenever the Department identifies criminal activity beyond the scope of the act, the Attorney General may investigate and institute any appropriate action or proceeding.

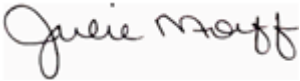
The Department may refuse to issue, renew, suspend, or revoke a certificate of registration for failure to meet the requirements of this act. Any person in violation of the act shall be found guilty of a Class D Misdemeanor. A second conviction within ten years after the first conviction is a Class B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

The provisions of this act expire on August 29, 2026.

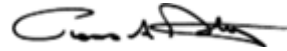
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office  
Office of Administration - Administrative Hearing Commission  
Department of Commerce and Insurance  
Department of Public Safety - Missouri Highway Patrol  
Office of the State Public Defender  
Office of the State Treasurer  
Missouri Office of Prosecution Services  
Office of the State Courts Administrator



Julie Morff  
Director  
February 25, 2021



Ross Strobe  
Assistant Director  
February 25, 2021