

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0884H.11C  
 Bill No.: HCS for SS No 2 for SCS for SB 88  
 Subject: Professional Registration and Licensing; Social Workers; Contracts and Contractors  
 Type: Original  
 Date: May 9, 2023

Bill Summary: This proposal modifies provisions relating to professional licensing.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
<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 2024	FY 2025	FY 2026
Professional Registration Fees Fund (0689)	(\$297,923)	\$0	\$0
Missouri Mechanical Contractor Licensing Fund	(\$0)	\$460,602	(\$288,098)
Social Worker Fund*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Could exceed (\$297,923)</b>	<b>Could be less than \$420,602</b>	<b>Could exceed (\$289,298)</b>

\*Oversight assumes a cost of less than the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</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 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Professional Registration Fees Fund	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 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

### §§324.950 - 324.974 - Missouri Statewide Mechanical Contractor Licensing Act

Officials from the **Department of Commerce and Insurance (DCI) Professional Registration (PR)** estimate the following fiscal impact:

Licensee/Revenue

2,000 Estimated Licensees (US Labor Census & Mechanical Engineers Association.)

200 Estimated Journeyman

\$375.00 Initial License Fee

\$200.00 Initial Fee - Journeyman

\$375.00 Renewal License Fee

\$200.00 Renewal Fee - Journeyman

Biennial Renewal Cycle

- In the current language of this proposed legislation, Professional Registration assumes one license holder per corporation, firm, institution, organization, or company will register with the department.
- Projected revenue reflects fees collected for all categories of licensure
- A 3% growth rate has been estimated (60 additional initial licensees)
- It is estimated that the collection of initial license fees will begin in FY 2025 and renewal fees will not be collected until FY 2027
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly

In summary, DCI assumes a revenue of \$790,000 (2,000 Mechanical Contractor x \$375) + (200 Journeyman x \$200) in FY 2025 and \$23,700 (2,000 Mechanical Contractor x 3% x \$375 + 200 Journeyman x 3% x \$200) in FY 2026 to the Missouri Mechanical Industry Licensing Fund to provide for the implementation of the changes in this proposal.

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.

### Staffing

1 FTE Principal Assistant at \$68,400 annually needed to serve as the senior executive officer of the registration agency.

1 FTE Customer Service Representative at \$35,000 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 FTE Non-Commissioned Investigator at \$46,000 annually needed to conduct investigations and inspections, serve notices, and gather information required by the board.

### Complaints and Investigations

It is estimated the board will receive approximately 33 complaints. The division does not anticipate receiving any complaints until FY 2025. 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.

In summary, DCI assumes a cost of \$297,923 in FY 2024, \$329,398 in FY 2025 and \$311,798 in FY 2026 to provide for the implementation of the changes in this proposal.

**Oversight** will reflect the DCI estimated revenues and cost. Oversight will reflect the board-specific expenses to the Professional Registration Fees Fund. Oversight assumes the revenue collected from the licensure fees will be deposited into the Missouri Mechanical Contractor Licensing Fund and then will be transferred to the PR Fees Fund resulting in an estimated net effect of zero to the PR Fees Fund in FY 25 and FY 26. Oversight notes the PR Fees Fund (0689) balance at the end of March 2023 was \$485,401.

In response to a similar proposal from last year (HB 2050), officials from the **City of Kirksville** stated that if this proposal passes, it would impact the contractor testing requirements of the City. The decrease in revenues would be less than \$1,000 annually, however, the more significant impact would be the loss of oversight on projects completed by out-of-town contractors who fail to notify the City of work being completed and fail to follow the City's municipal code. The bill only requires one contractor be licensed in a firm, but does not specify that contractor be on the job site for all work completed. In addition, with the proposed State license valid for two years, contractors do not need to show proof of liability or worker's compensation insurance when completing a project for a citizen. This could leave citizens vulnerable to losses.

In response to a previous version, officials from the **Kansas City** assume this proposal could have a potential small negative fiscal impact.

**Oversight** assumes there could be a potential loss to local municipalities that currently license mechanical contractors as this legislation would require them to recognize a statewide license for the purposes of performing contracting work or obtaining permits to perform work within the political subdivision. Oversight assumes the Department of Revenue shall withhold any moneys the noncompliant political subdivision would otherwise be entitled to from local sales tax, until the director has received notice from the division that the political subdivision is in compliance with this section.

§§337.615 – 337.1075 - Social Work Licensure Compact

Officials from the **Department of Commerce and Insurance** state it is uncertain if the compact would be enacted in FY2024, FY2025 or FY2026. Once the compact is enacted, the Committee for Social Workers would be required to pay fees charged to member states including an annual assessment to cover costs of operations and activities of the compact commission. Costs are unknown at this time.

Since the compact will only be effective once seven states have enacted legislation to join the compact, **Oversight** will reflect a \$0 (the compact is not enacted) to an unknown cost less than \$250,000 to the Social Worker Fund (0574).

Bill as a whole:

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Revenue**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Social Services**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Kansas City** and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the State Courts Administrator**, the **Office of the State Public Defender** and the **Missouri Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations.

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

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>PR FEES FUND (0689)</b>			
<u>Transfer In - from</u> Missouri Mechanical Contractor Licensing §§324.950 -324.974 p.3-5	\$0	\$329,398	\$311,798
<u>Cost – DCI</u> §§324.950 -324.974 p.3-5			
Salaries	(\$124,500)	(\$152,388)	(\$155,436)
Fringe Benefits	(\$85,540)	(\$103,766)	(\$104,906)
Equipment and Expense	(\$48,500)	(\$0)	(\$0)
Other Fund Cost	(\$39,383)	(\$73,244)	(\$51,456)
<u>Total Cost – DCI</u>	<u>(\$297,923)</u>	<u>(\$329,398)</u>	<u>(\$311,798)</u>
FTE Change – DCI	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT TO THE PR FEES FUND</b>	<b><u>(\$297,923)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change to the PR Fees	3 FTE	3 FTE	3 FTE
<b>MISSOURI MECHANICAL CONTRACTOR LICENSING FUND</b>			
<u>Revenue - DCI</u> Licensing Fee §§324.950 -324.974 p.3-5	\$0	\$790,000	\$23,700
<u>Transfer Out - to PR Fee Fund (0689)</u> §§324.950 -324.974 p.3-5	\$0	(\$329,398)	(\$311,798)

<u>FISCAL IMPACT – State Government (cont)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>ESTIMATED NET EFFECT ON THE MISSOURI MECHANICAL CONTRACTOR LICENSING FUND</b>	<b><u>\$0</u></b>	<b><u>\$460,602</u></b>	<b><u>(\$288.098)</u></b>
<b>SOCIAL WORKER FUND (0574)</b>			
<u>Cost – DCI</u> Compact Cost §§337.615 – 337.665 p. 5	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE SOCIAL WORKER FUND (0574)</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> Potential loss of licensing fees	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

FISCAL IMPACT – Small Business

A direct fiscal impact to mechanical contractors and social workers could be expected as a result of this proposal.

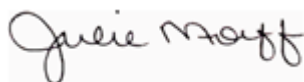
FISCAL DESCRIPTION

This proposal modifies provisions relating to professional licensing.

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 Commerce and Insurance  
Department of Revenue  
Office of the State Treasurer  
Department of Natural Resources  
Office of the State Courts Administrator  
Office of the State Public Defender  
Office of Prosecution Services  
Office of Administration  
Administrative Hearing Commission  
City of Kansas City  
City of Springfield  
City of Kirksville



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