

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3510-03
Bill No.: SB 1088
Subject: Administrative Law; Boards, Commissions, Committees, Councils; Economic Development Dept; Licenses - Professional
Type: Original
Date: February 22, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
PR Fees Fund	(\$3,043)	\$3,043	\$0
Board of Auctioneers Fund	\$0	\$76,835	(\$60,063)
Board of Auctioneers Aggrieved Party Fund	\$0	\$21,250 to \$0	\$21,250 to \$0
Total Estimated Net Effect on All State Funds	(\$3,043)	\$101,128 to \$79,878	(\$38,813 to \$60,063)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
County General Revenue	(UNKNOWN TO \$21,250)	(UNKNOWN TO \$21,250)	(UNKNOWN TO \$21,250)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **State Treasurer's Office, Office of the Governor, and the Office of Administration - Administrative Hearing Commission (COA-AHC)** indicate there would be no fiscal impact to their agencies as a result of this proposed legislation.

This bill creates the State Board of Auctioneers. Officials with the **Office of the Secretary of State** assume the State Board of Auctioneers will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Division of Professional Registration could require as many as 26 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the \$1,599 estimated for FY 03. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Attorney General** assume that one Assistant Attorney General II would be needed to handle licensing matters arising from this legislation. **Oversight** assumes that costs associated with the Office of Attorney General are reimbursed by the Board of Auctioneers and have been included in their cost calculations.

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (DPR)** estimate that there will be approximately 350 auctioneers and 75 apprentice auctioneers in the State of Missouri that will be required to be licensed, based on estimates of the number of auctioneers in the state.

The projected revenue reflects a \$400 biennial fee for all categories of licensure. In addition, a 3% growth rate has been estimated. It is assumed all revenues would be deposited into and all expenses would be paid out of the State Board of Auctioneers Fund. In addition, expenses occurring prior to an appropriation (FY 03) would be borrowed from another fund within Professional Registration and paid back in FY 04. **Oversight** assumes that a \$325 biennial fee will generate income of \$138,125 which is sufficient to cover operational costs for two years.

DPR is requesting an additional 1 FTE to carry out duties generated by this proposal. The

ASSUMPTION (continued)

additional employees would include a .5 Principal Assistant (.5 FTE at 48,240 per year) to serve as the senior executive officer of the board and a .5 Licensure Technician II (.5 FTE at \$24,492 per year) to provide technical support directly to the Principal Assistant and the Board. This position will also be responsible for processing applications for licensure, as well as responding to any inquiries relating to the licensure law or rules and regulations.

DPR notes that 200 square feet of office space are needed for these employees at a cost of \$2,700 annually. **Oversight** assumes the employees will be located in existing offices and has not reflected this cost in the fiscal impact.

It is assumed that all meetings would be held in Jefferson City with all members in attendance. The Principal Assistant, Attorney General representative, and a staff person would also attend. It is assumed meetings would be held at least 4 times per year for 2 days. It is assumed there would be 4 meetings in FY 2003 to promulgate rules and regulations. The proposed legislation does not contain any provisions for board member per diem or reimbursement of necessary expenses.

DPR has based postage and printing costs on usage for a board of similar size and type and has estimated costs in FY 04 to be \$2,631 and \$1,500 in subsequent years. Additional costs would be incurred the first year of operation (FY 04) for statute and rule mailings to applicants and for the first year start up printing of rules and regulations. Office and communication expenses and equipment are based on estimated existing costs within the Division and follow OA guidelines.

DPR officials assume there would be 8 complaints filed each year, with each complaint requiring 5 hours to complete. It is assumed that complaints and investigations would not start until FY 2005. It is estimated that one complaint would require investigation which would require approximately 30 hours of field work and would be handled by in-house staff and board members. Travel costs to conduct the investigation are estimated at \$255 annually, beginning in FY 05.

It is assumed the Office of the Attorney General (AGO) would provide approximately 60 hours of assistance per year with rules, opinions and meetings, beginning with the organizational process. Based on an hourly cost of \$60.87 the annual total would be \$3,652. It is estimated that one case would be forwarded to the AGO for further action. The annual cost would be \$5,400, assuming one case per year, beginning in FY 05.

It is assumed a national examination will be utilized for examinations. However, if the board elected to develop its own examination the cost would be estimated to be between \$10,000 to \$50,000. It is also assumed that existing staff would design, program, and implement a computer licensure program.

ASSUMPTION (continued)

The Board of Auctioneers will be required by the Division of Professional Registration and the Department of Economic Development to reimburse agencies for their share of administration costs based on the percentage of licensees served. The 425 licensees added by this proposal will be .50% of the licensees served by the Division, and will result in total reimbursements from the fund of \$12,312. During the first year of organization and until appropriation is made, organizational duties will be absorbed by existing personnel. **Oversight** assumes this cost will be offset by expenses paid by other board funds, and will be realized beginning in FY 2004.

Oversight assumes counties will lose income normally derived from auction license fees. An annual license is \$50, so loss could total \$21,250 a year statewide.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
PR FEES FUND			
<u>Income-DPR</u>	\$0	\$61,290	\$64,288
Transfer from Board of Auctioneers Fund			
<u>Costs-DPR</u>			
Personal Service (2 FTE)	\$0	(\$38,207)	(\$39,162)
Fringe Benefits	\$0	(\$13,029)	(\$13,354)
Expense & Equipment	\$0	(\$3,249)	(\$2,498)
Other Costs-AGO Costs	(\$3,043)	(\$3,762)	(\$9,274)
<u>Total Costs-DPR</u>	(\$3,043)	(\$58,247)	(\$64,288)
ESTIMATED NET EFFECT TO PR FEES FUND	<u>(\$3,043)</u>	<u>\$3,043</u>	<u>\$0</u>
BOARD OF AUCTIONEERS FUND			
<u>Income - DPR</u>	\$0	\$138,125	\$4,225
Licensure Fees/Renewals			
<u>Cost - DPR</u>			
Transfers to PR Fees Fund	\$0	(\$61,290)	(\$64,288)
ESTIMATED NET EFFECT ON BOARD OF AUCTIONEERS FUND	<u>\$0</u>	<u>\$76,835</u>	<u>(\$60,063)</u>

**BOARD OF AUCTIONEERS -
 AGGRIEVED PARTY FUND**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Income</u> - DPR Special Auctioneer Fees	\$0	\$21,250	\$21,250
<u>Cost</u> - Payments to Aggrieved Parties	\$0	<u>(UNKNOWN to (\$21,250)</u>	<u>(UNKNOWN to (\$21,250)</u>
ESTIMATED NET EFFECT ON BOARD OF AUCTIONEERS - AGGRIEVED PARTY FUND	<u>\$0</u>	<u>\$21,250 to \$0</u>	<u>\$21,250 to \$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
COUNTY GENERAL REVENUE			
<u>Loss</u> - Fee Income from Auction Licenses	<u>(UNKNOWN to \$21,250)</u>	<u>(UNKNOWN to \$21,250)</u>	<u>(UNKNOWN to \$21,250)</u>

FISCAL IMPACT - Small Business

Small businesses would be fiscally impacted by this proposal due to increased fees and record keeping.

DESCRIPTION

This proposed legislation changes the procedures for the licensing of auctioneers. Current law provides for the licensing of auctioneers by counties. This act creates a State Board of Auctioneers in the Division of Professional Registration within the Department of Economic Development. The Board oversees the examination and licensing of persons engaged in the practice of auctioneering.

The act will not apply to certain persons listed in Section 343.395, RSMo. The Board collects fees that will be deposited into the State Board of Auctioneers Fund for administrative purposes. The Board will annually collect a fee of fifty dollars from each applicant and licensee to fund a subaccount of the Board. The subaccount will be used to compensate individuals aggrieved by the actions of a licensee.

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

SOURCES OF INFORMATION

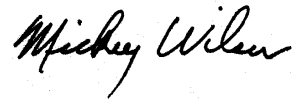
Department of Economic Development
 Division of Professional Registration

LMD:LR:OD (12/01)

Office of Secretary of State
Administrative Rules Division
Office of the Governor
Office of Administration
Administrative Hearing Commission
Office of State Treasurer
Office of Attorney General

NOT RESPONDING

Office of Senate Administration



Mickey Wilson, CPA
Acting Director
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