

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4765-02
Bill No.: SB 1187
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept;
 Law Enforcement Officers and Agencies
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FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Private Investigator Examiners Fund	\$0	\$100,233	(\$87,417)
PR Fees Fund	(\$10,703)	\$10,703	\$0
Criminal Records System Fund	\$0	\$4,340	\$420
Total Estimated Net Effect on All State Funds	(\$10,703)	\$115,276	(\$86,997)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal Bureau of Investigation	\$0	\$7,440	\$720
Total Estimated Net Effect on All Federal Funds	\$0	\$7,440	\$720

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Office of State Treasurer, Department of Insurance, Office of Administration - Administrative Hearing Commission,** and the **Missouri Department of Revenue** state that this legislation would have no fiscal impact on their agencies.

Officials from the **Office of Prosecution Services** indicated any costs to prosecutors resulting from this proposed legislation could be absorbed.

Officials with the **Department of Economic Development–Division of Professional Registration** assume the proposal will result in the licensing of 310 individuals as private investigators and 310 businesses as private investigation agencies, based on a search of Superpages.com. DPR assumes a fee of \$400 will be paid for all categories of licensure with biennial renewal. DPR estimates growth at 3%, and assumes licensure begins in FY 2004, for total revenues of \$248,000 in FY 2004 and \$3,720 in FY 2004.

It is assumed that all fees collected would be deposited into the Board of Private Investigator Examiners Fund and all expenses would be paid out of the Board of Private Investigator Examiners Fund. In addition, expense occurring prior to an appropriation (FY 03) would be borrowed from another fund within Professional Registration and paid back in FY 05.

DPR assumes that implementation of the proposal will require the employment of 1.5 FTE, as follows: .5 Principal Assistant (.5 FTE at \$48,200) to serve as the senior executive officer of the agency; .5 Licensure Technician II (.5 FTE at \$24,492) to provide technical support, processing applications for licensure as well as responding to any inquiries related to the licensure law or rules & regulations; .5 Account Clerk II (.5 FTE at \$11,592) to provide support for the Division's Central Accounting Section and Cash Receiving Room

Office and communication expenses are calculated by DPR based on estimated existing costs within the Division and follow Office of Administration guidelines. DPR estimates that 300 square feet of office space will be needed for the new FTE, at a cost of \$4,050 annually.

DPR estimates that the five member board would meet four times per year for two days per meeting, in Jefferson City. Four meetings are expected in FY 2003 to promulgate rules. Per diem, mileage, lodging, and meal expenses are estimated at \$9,192 per annum.

DPR assumes that 12 complaints may be expected annually. Each complaint is estimated to require five hours labor. It is estimated that two of these complaints will require investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the two

ASSUMPTION (continued)

investigations are estimated at \$510 annually. Assuming that one of the investigations is expected to result in referral to the Office of the Attorney General total costs are estimated at \$5,400. Complaints, investigations, and cases are not expected until FY 2005.

The Office of the Attorney General is also expected to provide 60 hours assistance yearly with rules, opinions, and meetings. At an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly.

Printing and postage costs are estimated at \$6.19 per licensee in the first year, for a total of 3,838. Subsequent years are expected at \$2,500 annually, based on a similarly-sized board.

Licensed private investigators will represent .5 of the Division's licensees. As such, the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$12,312 per annum. DPR assumes these costs will begin in FY 2003. Also, an automated licensure program is expected to be developed at a cost of \$21.65 per hour for eight hours, for a total cost of \$173 in FY 2003.

Oversight assumes that the \$12,312 in administrative costs will generally offset the required reimbursement of other funds, and will not be used for new FTE. Oversight also assumes that some agencies may have more than one investigator and have adjusted the total number of potential licensees to 1,000; however current requested FTE should be able to handle to additional licensees. Also, since requested FTE are all .5 positions, additional space would not be required and no additional furniture or equipment should be required. Other costs calculated will remain the same with the exception of an increase in printing and postage expense for the first year. Oversight has adjusted fees to reflect an amount need to cover operations of the Board. Biennial fees of \$200 result in revenue of \$200,000 for FY 04 and \$6,000 for FY 05.

Officials from the **Department of Corrections (DOC)** state that they cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost either through incarceration (FY01 average of \$35.78 per inmate, per day or an annual cost of \$13,060 per inmate) or through supervision provided by the Board of Probation and Parole (FY01 average of \$3.34 per offender, per day or an annual cost of \$1,219 per offender).

ASSUMPTION (continued)

In summary, supervision by the DOC through probation or incarceration would result in additional unknown costs to the department. Eight (8) persons would have to be incarcerated per fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 per year for the DOC.

Oversight assumes that costs associated with limited number of the potential licensees that might be incarcerated could be absorbed.

Officials from the **Office of State Public Defender** assumed that existing staff could provide representation for those 20-40 cases arising where indigent persons were charged with the new crimes of acting as a Private Investigator without a license, for placing fraudulent information an application to become a private investigator.

Officials from the **Office of Attorney General** assume that representing the Board of Private Investigator Examiners in licensure matters will require .5 Assistant Attorney General II. **Oversight** assumes that the AGO will be reimbursed for services from the Private Investigator Examiners Fund.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Board of Private Investigator Examiners could require as many as 38 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$2,337 for FY 2003. 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 **Department of Public Safety - Missouri State Highway Patrol (MSHP)** assume that 3,333 fingerprints or less would be processed within a one year time span. Based on that assumption, MSHP anticipates no need for FTE or equipment. There would be an impact on total state revenue because of the fees for processing fingerprints. \$14 (state fee) x 310 = \$4,340 and \$24 (federal fee) x 310 = \$7,440. The federal money is passed through to the FBI and is not retained in the Criminal Records System Fund. The \$4,340, however, would be kept in the fund.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
PRIVATE INVESTIGATOR EXAMINERS FUND			
<u>Income</u> - DPR Licensure Fees/Renewals	\$0	\$200,000	\$6,000
<u>Cost</u> -DPR Transfers to PR Fees Fund	\$0	(\$99,767)	(\$93,417)
ESTIMATED NET EFFECT TO PRIVATE INVESTIGATOR EXAMINERS FUND	<u>\$0</u>	<u>\$100,233</u>	<u>(\$87,417)</u>
PR FEES FUND			
<u>Income</u> - DPR Transfer from Private Investigator Examiners Fund	\$0	\$99,767	\$93,417
<u>Costs</u> - DPR Personal Service (1.5 FTE) Fringe Benefits Expense and Equipment AGO Costs	\$0 (\$7,660) (\$3,043)	(\$50,386) (\$18,144) (\$16,772) (\$3,762)	(\$51,646) (\$18,598) (\$13,899) (\$9,274)
<u>Total Costs - DPR</u>	(\$10,703)	(\$89,064)	(\$93,417)
ESTIMATED NET EFFECT TO PR FEES FUND	<u>(\$10,703)</u>	<u>\$10,703</u>	<u>\$0</u>
CRIMINAL RECORDS SYSTEM FUND			
<u>Income</u> - Fingerprint Fees	\$0	\$11,780	\$1,140
<u>Transfer</u> - Federal Portion (FBI) of Fingerprint Fees	\$0	(\$7,440)	(\$720)
ESTIMATED NET EFFECT ON CRIMINAL RECORDS SYSTEM FUND	<u>\$0</u>	<u>\$4,340</u>	<u>\$420</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
FEDERAL FUNDS			
FEDERAL BUREAU OF INVESTIGATION			
<u>Income</u> - Fingerprint fees	\$0	\$7,440	\$720
ESTIMATED NET EFFECT TO FEDERAL BUREAU OF INVESTIGATION	<u>\$0</u>	<u>\$7,440</u>	<u>\$720</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business could expect a fiscal impact as a result of this legislation due to application, training and fingerprint search fees as well as the loss of manpower and salaries for investigators required to meet training standards.

DESCRIPTION

This proposed legislation creates within the Department Economic Development - Division of Professional Registration the Board of Licensed Private Investigator Examiners. No person will provide private investigative services without first being licensed.

The proposal contains provisions which include the makeup and duties of the board; exemptions from licensure; requirements for application and licensure; providing proof of liability insurance; training and written examinations; fees; conducting background checks on applicants; denial, suspension, or revocation of licenses; types and terms of licenses; and reciprocity.

The proposal allows licensees to disclose to the board, any law enforcement agency, prosecutor, or the licensee's own representative any information regarding a criminal offense or to instruct their client to do so if they are a victim of a criminal act. Licensees are prohibited from making false reports, presenting themselves as a state or federal officer, or manufacturing false evidence. Certain identifying evidence must be filed with the board by licensees.

DESCRIPTION (continued)

The proposal further requires private investigators or investigator agencies to maintain complete records of business transactions. Records may be confidentially examined by the authority of the board under certain circumstances.

The proposal also permits licensees to carry concealed firearms when meeting certain guidelines established by the bill.

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 increase state revenue.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Professional Registration
Office of Prosecution Services
Office of State Public Defender
Department of Corrections
Office of State Courts Administrator
Office of State Treasurer
Department of Insurance
Office of Administration
 Administrative Hearing Commission
Department of Revenue
Office of Attorney General
Office of Secretary of State
 Administrative Rules Division
Department of Public Safety
 Missouri State Highway Patrol



Mickey Wilson, CPA
Acting Director
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