

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0694-01
Bill No.: SB 223
Subject: Administrative Law; Boards, Commissions, Committees, Councils; Economic Development Dept.; Licenses – Professional
Type: Original
Date: January 30, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
State Board of Auctioneers Fund	\$0	\$90,922	(\$74,953)
PR Fees Fund	(\$16,150)	\$16,150	\$0
State Board of Auctioneers Fund – Subaccount	\$0	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	(\$16,150)	Greater than \$107,072	(\$74,953) to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Counties of St. Louis, Greene and Boone** did not respond to our fiscal impact request.

Officials from the **Office of the Governor, Missouri Senate, Office of the State Courts Administrator, Office of the State Public Defender, Office of Prosecution Services, Missouri State Highway Patrol** and the **Department of Revenue** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Administrative Hearing Commission (AHC)** anticipate this proposal will not significantly alter its caseload. AHC notes if other similar proposals also pass, creating more cases or more complex cases, there could be a fiscal impact.

Officials from the **State Treasurer's Office (STO)** note the proposal does not state who is to administer the fund and the subaccount. STO officials assume it is Professional Registration's responsibility. STO notes subaccounts are not feasible on the current state accounting system or the STO's fund accounting system. Either the subaccount moneys are contained within the State Board of Auctioneers fund and tracked separately only through reporting (no expenditure

controls are feasible), or a separate fund must be set up. STO notes no interest will be distributed
ASSUMPTION (continued)

to the fund or the subaccount and therefore assumes no fiscal impact.

Officials from the **Secretary of State's Office (SOS)** state this proposal creates the State Board of Auctioneers to oversee licensing of persons engaged in the practice of auctioneering. Based on experience with other divisions the rules, regulations and forms issued by the Department of Economic Development could require approximately eight (8) pages in the *Code of State Regulations* and half again as many pages in the *Missouri Register* because cost statements, fiscal notes and the like are not repeated in the *Code*. SOS estimates the cost of a page in the *Missouri Register* and the *Code of State Regulations* to be \$23 and \$27, respectively. SOS estimates costs of \$492 for FY 2004. SOS states the impact of this proposal 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 proposals 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 the Attorney General (AGO)** assume representing the Board of Auctioneers would require 0.5 (part-time) Assistant Attorney General I. AGO assumes salary and fringe benefits related to this position would cost General Revenue \$18,437 in FY 2004; \$22,677 in FY 2005; and \$23,244 in FY 2006.

Oversight assumes the AGO will be reimbursed for services from the State Board of Auctioneers Fund.

Officials with the **Department of Economic Development--Division of Professional Registration (DPR)** estimate the proposal will result in the licensing of 425 (350 auctioneers and 75 apprentice auctioneers) auctioneers. DPR assumes a fee of \$525 will be paid for all categories of licensure with biennial renewal. DPR estimates a 3% growth rate and assumes licensure begins in FY 2005, resulting in revenue to the State Board of Auctioneers Fund of \$223,125 in FY 2005 and \$3,347 in FY 2006. DPR notes, in accordance with the proposal, \$50 per year (\$100 biennially), per licensee, will be deposited into the auctioneer fund subaccount.

DPR assumes all fees collected and all expenses would be deposited into and paid out of the State Board of Auctioneers Fund. DPR notes expenses occurring prior to an appropriation (FY

2004) would be borrowed from another fund within Professional Registration and paid back in FY 2005 or FY 2006.

ASSUMPTION (continued)

DPR assumes implementation of the proposal will require hiring an additional 1.0 FTE in FY 2005, as follows: 0.5 Principal Assistant (0.5 FTE at \$48,240) to serve as the senior executive officer of the agency and 0.5 Licensure Technician II (0.5 FTE at \$24,492) to provide technical support, process applications for licensure and respond to any inquiries related to the licensure law or rules & regulations. DPR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$1,700.

DPR assumes the five (5) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. DPR notes the Principal Assistant, Licensure Technician and an Attorney General representative will also attend the meeting. DPR assumes there would be four (4) meetings in FY 2004 to promulgate rules and regulations. DPR notes the proposal does not allow for per diem or expense reimbursement, therefore, no costs for board meetings have been estimated.

DPR assumes eight (8) complaints would be received each year and would require, on average, five hours each to complete. DPR estimates 15% of these complaints (1) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigation are estimated at \$255 annually. DPR assumes complaints and investigations would not start until FY 2006.

DPR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). DPR estimates 25% of investigations (1) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, DPR estimates \$5,400 annually beginning in FY 2006. DPR also estimates the AGO would provide approximately 60 hours of assistance with rules, opinions and meetings per year. Assuming an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly beginning in FY 2004.

DPR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. DPR estimates printing and postage costs at \$6.19 per licensee in the first year, for a total cost of \$2,631. Subsequent years' printing and postage costs are expected to be \$1,500 annually, based on a similarly-sized board.

DPR assumes licensed private investigators will represent 0.50% of DPR's overhead. As such,

the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$12,498 per annum. DPR assumes these costs will begin in FY 2004.

ASSUMPTION (continued)

Oversight has done the following to calculate the fiscal impact:

- (1) Adjusted the licensure fee to \$425 which should cover the operations of the Board;
- (2) Assumed additional rental space would not be required and no additional furniture or equipment should be required since requested FTE are all part-time positions;
- (3) Assumed the additional \$50 fee paid by licensees upon application or renewal will be treated as income to the State Board of Auctioneers Fund – Subaccount;
- (4) Payments to aggrieved parties will be made from the State Board of Auctioneers Fund – Subaccount as opposed to the PR Fees Fund;
- (5) Assumed the State Board of Auctioneers Fund – Subaccount will maintain a positive balance through the Board's diligence to collect reimbursement from licensees for all amounts paid to an aggrieved party due to the violation of the licensee; and
- (4) Used DPR's estimates unless otherwise noted.

Oversight assumes there will be a loss of revenue to any county which has previously received fee income from auctioneers.

This proposal would increase total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
STATE BOARD OF AUCTIONEERS FUND			
<u>Income</u> – DPR			
Licensure Fees/Renewals	\$0	\$180,625	\$5,419
<u>Cost</u> – DPR			

KLR:LR:OD (12/02)

Transfers to PR Fees Fund	<u>\$0</u>	<u>(\$89,703)</u>	<u>(\$80,372)</u>
---------------------------	------------	-------------------	-------------------

**ESTIMATED NET EFFECT TO
 STATE BOARD OF AUCTIONEERS
 FUND**

<u>FISCAL IMPACT - State Government</u>	<u>\$0</u>	<u>\$90,922</u>	<u>(\$74,953)</u>
	FY 2004	FY 2005	FY 2006
	(10 Mo.)		

PR FEES FUND

Income - DPR

Transfer from State Board of Auctioneers Fund	\$0	\$89,703	\$80,372
--	-----	----------	----------

Costs – DPR

Personal Service (1.0 FTE)	\$0	(\$38,207)	(\$39,162)
Fringe Benefits	\$0	(\$15,462)	(\$15,849)
Expense and Equipment	\$0	(\$3,249)	(\$2,498)
Division Administration	(\$12,498)	(\$12,873)	(\$13,259)
AGO	<u>(\$3,652)</u>	<u>(\$3,762)</u>	<u>(\$9,604)</u>
Total Costs – DPR	<u>(\$16,150)</u>	<u>(\$73,553)</u>	<u>(\$80,372)</u>

**ESTIMATED NET EFFECT TO PR
 FEES FUND**

<u>(\$16,150)</u>	<u>\$16,150</u>	<u>\$0</u>
-------------------	-----------------	------------

**STATE BOARD OF AUCTIONEERS
 FUND – SUBACCOUNT**

Income – DPR

Special Auctioneer Fees	\$0	\$21,250	\$638
Reimbursements from Licensee(s)	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
		<u>\$21,250 to</u>	<u>\$638 to</u>
Total Income – DPR	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>

Cost – DPR

Payments to Aggrieved Parties	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
-------------------------------	------------	------------------	------------------

**ESTIMATED NET EFFECT ON
 STATE BOARD OF AUCTIONEERS
 FUND – SUBACCOUNT**

\$0 Unknown Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
---	---------------------	---------	---------

COUNTY GENERAL REVENUE

Loss – All Counties

Fee Income from Auction Licenses No Longer Paid to County Clerks	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
---	-------------------------	-------------------------	-------------------------

FISCAL IMPACT - Small Business

Small business which engage in the business of auctioneering would be fiscally impacted by this proposal due to increased fees, record keeping, paperwork and continuing education requirements.

DESCRIPTION

This proposal changes the procedures for the licensing of auctioneers. Current law provides for the licensing of auctioneers by counties. This proposal creates a State Board of Auctioneers in the Division of Professional Registration within the Department of Economic Development. The Board shall be composed of five members appointed by the Governor with the advice and consent of the Senate. The Board oversees the examination and licensing of persons engaged in the practice of auctioneering. Rulemaking authority is granted to the Board. Licenses shall expire two years after issuance and provisions for renewal are provided.

The Board may refuse to issue any license and shall advise the applicant of their rights to file a complaint with the Administrative Hearing Commission. Administrative hearing procedures will apply. Upon a finding by the administrative hearing commission, the Board may censure, place on probation for up to two years, suspend for up to five years, or revoke a person's license.

The proposal will not apply to certain types of auctions. The Board shall set the fees for licensure at a level to produce revenue which will not substantially exceed the cost and expense of administering the provisions of the proposal. The State Board of Auctioneers Fund is also created. The Board will annually collect a fee of fifty dollars from each applicant and licensee to fund a subaccount of the State Board of Auctioneers Fund. The subaccount will be used to compensate individuals aggrieved by the actions of a licensee.

DESCRIPTION (continued)

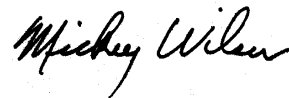
This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development – Professional Registration
Office of the Governor
Missouri Senate
Office of the State Courts Administrator
Office of the State Public Defender
Office of Prosecution Services
Missouri State Highway Patrol
Department of Revenue
Office of Administration – Administrative Hearing Commission
State Treasurer's Office

NOT RESPONDING

Boone County
Greene County
St. Louis County



Mickey Wilson, CPA

L.R. No. 0694-01
Bill No. SB 223
Page 9 of 9
January 30, 2003

Director

January 30, 2003

KLR:LR:OD (12/02)