

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1882-02
Bill No.: SB 680
Subject: Licensing - Professional; Economic Development Dept; Contracts and
Contractors
Type: Original
Date: March 17, 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
Professional Registration Fees Fund	(\$16,286)	\$16,286	\$0
Missouri Electrical Industry Licensing Board Fund	\$0	\$135,701	(\$110,552)
Total Estimated Net Effect on Other State Funds	(\$16,286)	\$151,987	(\$110,552)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The following agencies indicated this proposal would have no fiscal impact on their agencies: **Office of State Courts Administrator, Department of Public Safety - Missouri State Highway Patrol, Office of State Treasurer, Department of Revenue, Office of the Governor, Administrative Hearing Commission, Missouri Senate; Office of State Public Defender.**

Officials from the **Office of Prosecution Services** indicated there would be no costs to prosecutors as a result of this proposal.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Economic Development - Division of Professional Registration could require as many as 16 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 \$984 for FY 2004. 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of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.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

ASSUMPTION (continued)

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 Missouri Electrical Industry Licensing Board 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 Missouri Electrical Industry Licensing Board.

Officials with the **Department of Economic Development–Division of Professional Registration (DPR)** estimate the proposal will result in the licensing of 1,083 electrical contractors. DPR assumes a fee of \$300 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 assumes all fees collected and all expenses would be deposited into and paid out of the Missouri Electrical Industry Licensing Board 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.

DPR assumes implementation of the proposal will require hiring an additional 2.0 FTE in FY 2005, as follows: Principal Assistant (1 FTE at \$48,240) to serve as the senior executive officer of the agency, 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, and an Account Clerk II (0.5 FTE at \$23,184) to provide support for DPR Central Accounting and Central Cash Receiving Room. DPR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$3,356.

DPR assumes the seven (7) 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. It is estimated that each board member will receive \$50 per diem for each day conducting board business.

DPR assumes twenty-three (23) complaints would be received each year and would require, on average, five hours each to complete. DPR estimates 15% of these complaints (4) will require

ASSUMPTION (continued)

field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigation are estimated at \$5,360 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 \$6,736. Subsequent years' printing and postage costs are expected to be \$2,500 annually, based on a similarly-sized board.

DPR assumes licensed electrical contractors 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, \$12,324 per annum. DPR assumes these costs will begin in FY 2004.

For fiscal note purposes only, **Oversight** assumes the following:

- 1) The \$12,324 in administrative costs will generally offset the required reimbursement of other funds, and will not be used for the new FTE.
- 2) Rental space will not be required for one additional full time FTE; the other positions are .5 FTE. Additional furniture and equipment will not be required for the .5 FTE positions.
- 3) Fees have been adjusted to reflect an amount needed to cover operations of the board. Biennial fees of \$250 result in revenue of \$270,750 for FY 2005 and \$8,000 for FY 2006. Sufficient fee income should be generated during each biennial fee cycle to cover expenses of operations during the second year of the cycle.

This proposal would increase total state revenue.

FISCAL IMPACT - State Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

**MISSOURI ELECTRICAL
 INDUSTRY LICENSING BOARD
 FUND**

Income - DPR

Licensure Fees/Renewals

\$0

\$270,750

\$8,000

Cost - DPR

Transfers to PR Fees Fund

\$0

(\$135,049)

(\$118,552)

**ESTIMATED NET EFFECT ON
 MISSOURI ELECTRICAL
 INDUSTRY LICENSING BOARD
 FUND**

\$0

\$135,701

(\$110,552)

PR FEES FUND

Income - DPR

Transfer from Missouri Electrical
 Industry Licensing Board Fund

\$0

\$135,049

\$118,552

Cost - DPR

Personal Service (2 FTE)

\$0

(\$63,252)

(\$64,833)

Fringe Benefits

\$0

(\$25,598)

(\$26,238)

Expense and Equipment

(\$12,634)

(\$26,261)

(\$18,429)

AGO

(\$3,652)

(\$3,652)

(\$9,052)

Total Costs - DPR

(\$16,286)

(\$118,763)

(\$118,552)

**ESTIMATED NET EFFECT ON PR
 FEES FUND**

(\$16,286)

\$16,286

\$0

FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses which engage in the business of electrical contracting would be fiscally impacted by this proposal due to increased fees and record keeping.

DESCRIPTION

This proposal establishes the Missouri Electrical Industry Licensing Board. The Board will have seven members, six will represent professional associations and one shall represent the public. The Board shall be appointed by the Governor and confirmed by the Senate. The Board in collaboration with the Division of Professional Registration shall adopt, implement, rescind and amend rules and regulations pursuant to this act. The board shall have the power to grant, rescind or otherwise punish licensees under their jurisdiction.

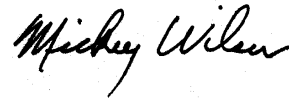
The proposal establishes licensure requirements for an electrical contractors, low voltage electrical contractors, and limited electrical contractors. The proposal allows the Board to waive the certification requirements of the proposal for those electrical contractors who are operating as such before the enactment of this proposed legislation.

Any violation of this proposal may subject the individual to criminal and civil penalties.

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



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