

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4090-01  
Bill No.: HB 1589  
Subject: Economic Development Dept.; Housing; Licenses - Professional  
Type: Original  
Date: April 4, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$95,000	\$35,525	\$11,750
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$95,000</b>	<b>\$35,525</b>	<b>\$11,750</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Technology	(\$22,000)	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$22,000)</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Economic Development - Division of Professional Registration** state having reviewed the proposed legislation and having sought the conclusion of the appropriate board(s), they are of the opinion the proposal, in its present form, has no fiscal impact on their organization.

Officials from the **Office of Secretary of State (SOS) - Division of Business Services (DBS)** assume that the current notary application system would be modified by the contract vendor to accommodate the registration process (estimated to be \$22,000 one-time expenditure to the Technology Fund). It is assumed that approximately 475 applications for registration will be received the first year, with a 10% growth in the base number of applicants in home inspectors every year thereafter. It is further assumed that 10% of the base year applicants will not renew in year two. It is further assumed that 20% of the initial applications will be rejected for failure to comply with statutory requirements. The SOS-DBS estimates FY 07 filing fee revenues of \$95,000; FY 08 revenue of \$35,525; and FY 09 revenue of \$11,750.

The SOS-DBS assumes that 0.5 FTE Technician, one personal computer, and one printer will be needed to process applications. The SOS-DBS estimates FY 07 costs of \$15,440; FY 08 costs of \$16,658; and FY 09 costs of \$17,076.

**Oversight** assumes the SOS-DBS would absorb the additional duties with existing resources and, therefore, would not need the personal computer and printer. Miscellaneous supplies can be absorbed with existing resources.

ASSUMPTION (continued)

Officials from the **SOS - Administrative Rules Division** state the fiscal impact for this proposal to the SOS for administrative rules is less than \$1,500. The SOS does not expect additional funding would be required to meet these costs. However, the SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

**The proposal will result in an increase in total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE FUND</b>			
<u>Income - Office of Secretary of State</u>			
Filing fees	<u>\$95,000</u>	<u>\$35,525</u>	<u>\$11,750</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$95,000</u></b>	<b><u>\$35,525</u></b>	<b><u>\$11,750</u></b>
<b>TECHNOLOGY FUND</b>			
<u>Costs - Office of Secretary of State</u>			
Contract computer programming	<u>(\$22,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON TECHNOLOGY FUND</b>	<b><u>(\$22,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal will have a negative fiscal impact on small business home inspection companies because inspectors will be required to be registered with the Office of Secretary of State in order to perform home inspections.

DESCRIPTION

This proposal provides for the registration of home inspectors. Applicants wishing to conduct home inspections in this state must register with the Secretary of State; be at least 18 years old; have passed an examination offered by a recognized national accrediting body for home inspectors; provide proof of liability insurance; and pay a \$200 registration fee.

Code enforcement officials, insurance adjustors, architects, engineers, termite inspectors, real estate appraisers and sales persons, septic installers, and licensed contractors acting within the scope of their professions are exempt from registration.

Non-registered home inspectors are allowed to assist registered home inspectors in the performance of their duties, and an apprentice-level registration is created for those who have not met all qualifications for a membership in a national association.

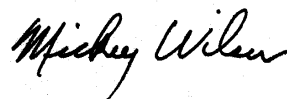
Registered home inspectors are prohibited from disclosing information concerning inspections without their client's permission; accepting compensation from more than one interested party for the same services; accepting commissions from other parties; and repairing, remodeling, or providing other types of remedial work on any building they inspect within 12 months of the inspection.

Annual registration renewal is required with a \$50 fee and proof of insurance.

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 Secretary of State -  
Division of Business Services  
Administrative Rules Division



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Director  
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