

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2085-02
Bill No.: HB 978
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept.;
Housing; Licenses - Professional
Type: Original
Date: April 4, 2007

Bill Summary: Requires home inspectors to be licensed by the division of professional regulation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Missouri Home Inspector	\$0	\$336,913	(\$141,257)
PR Fees	(\$87,699)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$87,699)	\$336,913	(\$141,257)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Missouri Home Inspector	2	2	2
Total Estimated Net Effect on FTE	2	2	2

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate, Office of State Treasurer, Nodaway County, and St. Louis County** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** assume that the costs of this proposal can be absorbed with existing resources. However, if this proposal is combined with other proposals that add additional professions to the jurisdiction of the Division of Professional Registration, the AGO will seek necessary appropriations to provide legal services to the Division as needed.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also 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 SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** assume there are 350 persons to be licensed in this state and that each licensee will pay \$1,400 per license (\$490,000) biennially with a three percent growth in the number of licensees per year. It is assumed that no revenue will be generated by the Missouri Home Inspector Commission in FY08. Therefore, expenses incurred by the board will be paid back the PR Fees Fund by a lending board within the division pursuant to section 620.106, RSMo. It is estimated payback of any outstanding loans would be made in FY2011.

It is assumed that the board will need 2 FTE, 1 Principal Assistant (Executive Director \$59,532) to serve as the senior executive officer and 1 Licensure Technician II (\$23,916) to be responsible for processing applications for licensure as well as responding to inquiries regarding the licensure laws, rules and regulations.

Other expenses are based upon costs for boards of a similar size.

ASSUMPTION (continued)

Officials from the **Office of the Governor** did not respond to our request for a statement of fiscal impact.

Oversight notes the effective date of the proposal is January 1, 2008.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
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**MISSOURI HOME INSPECTOR
FUND**

Transfer-In - DIFP

Transfer from PR Fees Fund	\$87,699		
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Income - DIFP

Licensure fees/renewals	\$0	\$490,000	\$15,400
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Costs - DIFP

Personal service (2.0 FTE)	(\$42,976)	(\$87,673)	(\$89,864)
Fringe benefits	(\$19,451)	(\$39,681)	(\$40,672)
Equipment and expense	(\$15,331)	(\$15,792)	(\$16,180)
AGO, AHC and Board meeting expense	(\$9,941)	(\$9,941)	(\$9,941)

Total <u>Cost</u> - DIFP	<u>(\$87,699)</u>	<u>(\$153,087)</u>	<u>(\$156,657)</u>
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FTE Change - DIFP	2.0 FTE	2.0 FTE	2.0 FTE
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**ESTIMATED NET EFFECT ON
MISSOURI HOME INSPECTOR
FUND**

<u>\$0</u>	<u>\$336,913</u>	<u>(\$141,257)</u>
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Estimate Net FTE Change for Missouri
Home Inspector Fund

2.0 FTE	2.0 FTE	2.0 FTE
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PR FEES FUND

Transfer-Out - DIFP

Transfer to Missouri Home Inspector Fund	<u>(\$87,699)</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON PR
FEES FUND**

<u>(\$87,699)</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2008
(6 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal would impact small business home inspectors as they would be required to be licensed.

FISCAL DESCRIPTION

This proposal requires home inspectors to be licensed by the Division of Professional Registration within the Department of Insurance, Financial Institutions, and Professional Registration. In its main provisions, the proposal: (1) Establishes the Missouri Home Inspectors Commission to implement the licensure program; (2) Requires any person conducting home inspections to be licensed by the commission; (3) Allows unlicensed persons to assist licensed home inspectors; (4) Provides licensing exemptions for certain entities and professions; (5) Creates within the state treasury the Missouri Home Inspectors Fund to be used by the commission for its costs; (6) Authorizes the commission to establish licensing qualifications and an application process, develop and publish standards of professional conduct, approve courses of instruction, prescribe the form and content of examinations, and establish continuing education requirements and reciprocity agreements; and (7) Authorizes the commission to refuse to issue, suspend, or revoke licenses and cause complaints to be filed against licensees with the Administrative Hearing Commission as specified in the proposal.

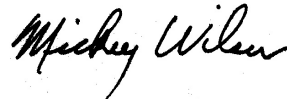
The bill becomes effective January 1, 2008.

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

Office of Attorney General
Office of Administration -
 Administrative Hearing Commission
Department of Insurance, Financial and Professional Regulation
Missouri Senate
Office of Secretary of State
Office of State Treasurer
Nodaway County
St. Louis County

NOT RESPONDING: Office of the Governor



Mickey Wilson, CPA
Director
April 4, 2007