

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4933-01
Bill No.: HB 2228
Subject: Economic Development Dept.; Housing; Licenses - Professional
Type: Original
Date: March 12, 2008

Bill Summary: Provides for the registration of home inspectors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$73,000	\$35,525	\$11,750
Total Estimated Net Effect on General Revenue Fund	\$73,000	\$35,525	\$11,750

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ 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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of Secretary of State (SOS) - Business Services** assume 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 also assumed that 20% of the initial applications will be rejected for failure to comply with all of the statutory requirements.

The SOS assumes that one-half FTE (0.5) Technician I (\$21,348, full time, annual), one personal computer and one printer will be needed to process applications. In addition, the SOS will have one-time contract computer programming costs of \$22,000.

Therefore, the SOS assumes net revenue of \$57,393 for FY 09; \$18,583 for FY 10; and costs of \$5,701 for FY 11 to the General Revenue Fund.

Oversight assumes the SOS 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.

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

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Income - SOS</u>			
Filing fees	\$95,000	\$35,525	\$11,750
<u>Costs - SOS</u>			
Contract programming	<u>(\$22,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$73,000</u>	<u>\$35,525</u>	<u>\$11,750</u>

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

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.

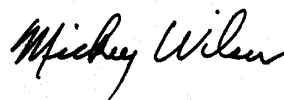
FISCAL DESCRIPTION

This proposal requires anyone wishing to conduct home inspections in this state to register with the Secretary of State. Applicants must be at least 18 years old, pass an examination offered by a nationally recognized accrediting body for home inspectors, provide proof of liability insurance, and pay a \$200 registration fee. 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 Insurance, Financial Institutions and Professional Registration
Office of Secretary of State -
Division of Business Services



Mickey Wilson, CPA
Director
March 12, 2008