

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4853-01
Bill No.: HB 1464
Subject: Fire Protection; Boards, Commissions, Committees, Councils; Licenses -
Professional
Type: Original
Date: April 10, 2014

Bill Summary: This proposal establishes the Fire Equipment Distributors Regulation and Licensing Law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Fire Equipment Distributor	\$79,867	\$87,908	\$86,659
Total Estimated Net Effect on <u>Other</u> State Funds	\$79,867	\$87,908	\$86,659

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Fire Equipment Distributor	2 FTE	2 FTE	2 FTE
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Fire Safety (DFS)** state this legislation establishes a new program for the Division of Fire Safety for the licensing and registration of fire protection equipment businesses and employees. Section 320.502 establishes a new board within the Division of Fire Safety - the Fire Equipment Distributors and Employees Advisory Board. This board would be comprised of 9 members in addition to the State Fire Marshal who would serve as an ex officio member. Board members do not receive compensation, but may be reimbursed for their actual and necessary expenses. The board shall promulgate rules and set fees. Moneys collected under sections 320.500 to 320.508 shall be deposited to the Fire Equipment Distributor Fund.

Section 320.504 requires fire equipment companies and employees to apply to the Fire Equipment Distributors and Employees Advisory Board prior to engaging in fire protection equipment and systems activities in this state.

A representative from the Missouri Association of Fire Equipment Distributors indicated there to be approximately 100 fire equipment distributor companies in the State of Missouri, and approximately 100 fire equipment distributor companies from out of state that would want to be registered in Missouri in order to be able to conduct business here. Additionally, there are approximately 1,200 employees from in-state and another 300 from out of state who would desire Missouri licensure.

Fees anticipated for the companies would be set at \$200, and \$100 for an employee, both will license annually. Therefore the fees from registering companies will generate approximately \$40,000 ($\$200 \times (100 + 100)$), and fees from licensing employees will generate approximately \$150,000 ($\$100 \times (1,200 + 300)$), for a total of \$190,000 to support the program.

Based on this information, the Division would need to hire a full time senior office support assistant and a Fire Safety Inspector to process the applications, process fees, review the documentation, issue the registration certificates and licenses, conduct quality control, and investigate all complaints. Related expense and equipment funding would also be requested. Total costs for FY15 would be \$110,133. However, the fees set by rule would offset this expense. The certification/licensing fees would generate approximately \$190,000 annually.

ASSUMPTION (continued)

According to officials from the **Office of the Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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 regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will not fiscally impact their agency.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FIRE EQUIPMENT DISTRIBUTOR FUND			
<u>Income</u> - Division of Fire Safety - fees collected from applicants for licensing or certification	\$190,000	\$190,000	\$190,000
<u>Costs</u> - Division of Fire Safety			
Personal Service	(\$47,380)	(\$57,425)	(\$57,999)
Fringe Benefits	(\$24,166)	(\$29,290)	(\$29,582)
Expense and Equipment	<u>(\$38,587)</u>	<u>(\$15,377)</u>	<u>(\$15,760)</u>
<u>Total Costs</u> - Fire Safety	<u>(\$110,133)</u>	<u>(\$102,092)</u>	<u>(\$103,341)</u>
FTE Change - Fire Safety	2 FTE	2 FTE	2 FTE0
ESTIMATED NET EFFECT TO THE FIRE EQUIPMENT DISTRIBUTOR FUND	<u>\$79,867</u>	<u>\$87,908</u>	<u>\$86,659</u>
Estimated Net FTE Change for the Fire Equipment Distributor Fund	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Fire Protection Equipment businesses and their employees' will be required to be licensed or certified in order to conduct business in the State of Missouri.

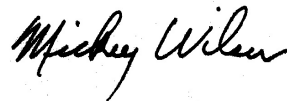
FISCAL DESCRIPTION

This proposal establishes the Fire Equipment Distributors Regulation and Licensing Law which requires every person or firm engaged in the activity of certifying, inspecting, installing, maintaining, and servicing fire equipment to hold the proper certification or license issued by the Office of the State Fire Marshal. The bill creates the Fire Equipment Distributors and Employees Advisory Board in the Division of Fire Safety within the Department of Public Safety and specifies the membership and terms of the board. The board will be appointed by the Governor with the advice and consent of the Senate and will adopt rules, including the certification and regulation of the various means of fire suppression, and set fees in consultation with the Office of the State Fire Marshal. The fees are to be deposited into the Fire Equipment Distributor Fund.

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 Public Safety
Division of Fire Safety
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
April 10, 2014

Ross Strobe
Assistant Director
April 10, 2014

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