

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5894-01
Bill No.: HB 2107
Subject: Professional Registration and Licensing; Licenses - Miscellaneous
Type: Original
Date: April 24, 2018

Bill Summary: This proposal creates provisions relating to the registering of roofing contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Professional Registration Fee Fund	(\$240,518)	\$0	\$0
Missouri State Board of Roofers	\$0	\$59,053	(\$209,668)
Total Estimated Net Effect on Other State Funds	(\$240,518)	\$59,053	(\$209,668)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Professional Registration Fee Fund	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the following:

Licensee/Revenue

1,374	Estimated Licensees
\$200.00	Initial License Fee
\$725.00	Renewal License Fee
Biennial	Renewal Cycle

- In the current language of this proposed legislation, an individual "may" take a roofing examination in provisions of section 324.1000, this fee will be paid by the individual.
- Projected revenue reflects fees collected for all categories of licensure
- A 3% growth rate has been estimated (41 additional initial licensees each year)
- It is estimated that the collection of initial license fees will begin in FY 2019 and renewal fees will not be collected until FY 2020.
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly

DIFP estimates a total revenue of \$274,800 in FY 2020 and \$8,200 in FY 2021.

Oversight assumes all fees collected will be deposited into the State Roofing Contractors Fund and all expenses would be paid out of that fund. Oversight also assumes no revenue will be generated by the State Roofing Contractors Fund in the first year.

The following board-specific expenses are being calculated to determine the additional appropriation needed by the division to support the board and to assist in calculating the anticipated license and renewal fees.

Staffing

1 Principal Assistant (\$60,000 annually) needed to serve as the senior executive officer of the registration agency.

1 Processing Technician II (\$27,180 annually) needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

ASSUMPTION (continued)

1 Investigator II (\$38,304 annually) needed to conduct investigations and inspections, serve notices, and gather information required by the board.

Complaints and Investigations

It is estimated the board will receive approximately 17 complaints. The division does not anticipate receiving any complaints until FY 2020. It is estimated 15% of the complaints filed will require field investigations with 50% requiring overnight travel.

DIFP estimates a total cost of \$240,518 in FY 2019, \$215,747 in FY 2020 and \$217,868 in FY 2021.

Officials from the **Office of the State Courts Administrator** assume there may be some fiscal impact but there no way to quantify that currently. Any significant changes will be reflected in future budget request.

In response to a similar proposal from this year (HB 2331), Officials from the **Office of the State Public Defender (SPD)**, stated for the purpose of the proposed legislation, and as a result of excessive caseloads, the SPD cannot assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of roofing without being certified - a Class D Misdemeanor. Subsequent offenses would escalate to a new Class B Misdemeanor. The Missouri State Public Defender System is currently providing legal representation in caseloads in excess of recognized standards.

While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the Office of the State Public Defender will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Office of Prosecution Services** assume the proposal will have no fiscal impact on their organization. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional cost which are difficult to determine.

Officials from the **Department of Revenue**, the **Department of Public Safety**, the **Office of the State Treasurer** and the **Administrative Hearing Commission** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
PROFESSIONAL REGISTRATION FEE FUND			
<u>Cost - DIFP</u>			
Personal Service	(\$104,570)	(\$126,739)	(\$128,007)
Fringe Benefits	(\$58,027)	(\$70,005)	(\$70,382)
Equipment and Expense	(\$69,196)	(\$8,277)	(\$8,484)
Other Fund Cost	(\$8,725)	(\$10,726)	(\$10,995)
<u>Total Cost - DIFP</u>	<u>(\$240,518)</u>	<u>(\$215,747)</u>	<u>(\$217,868)</u>
FTE Change - DIFP	3 FTE	3 FTE	3 FTE
 <u>Transfer In</u> - from Missouri State Board of Roofers Fund	 \$0	 \$215,747	 \$217,868
 ESTIMATED NET EFFECT ON PROFESSIONAL REGISTRATION FEE FUND	 <u>(\$240,518)</u>	 <u>\$0</u>	 <u>\$0</u>
 Estimated Net FTE Change on the Professional Registration Fee Fund	 3 FTE	 3 FTE	 3 FTE
 MISSOURI STATE BOARD OF ROOFERS FUND			
<u>Income</u> - Licensing Fees	\$0	\$274,800	\$8,200
<u>Transfer Out</u> - To Professional Registration Fees Fund	\$0	(\$215,747)	(\$217,868)
 ESTIMATED NET EFFECT TO THE MISSOURI STATE BOARD OF ROOFERS FUND	 <u>\$0</u>	 <u>\$59,053</u>	 <u>(\$209,668)</u>

FISCAL IMPACT - Local Government

FY 2019
(10 Mo.)

FY 2020

FY 2021

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Roofing contractors will be required to be licensed, and may be fiscally impacted by this proposal.

FISCAL DESCRIPTION

This bill allows roofing contractors in Missouri to register with the Department of Insurance, Financial Institutions and Professional Registration after January 1, 2020, however, registration is not required to practice the profession.

An applicant for registration must submit a completed application to the department along with a non-refundable fee of up to \$200.

The applicant then has 90 days from the day the application is submitted to complete the application process, including: filing proof of motor vehicle insurance, a current worker's compensation policy, liability insurance, and a no tax due statement from the Department of Revenue. If an out-of-state applicant has had a license revoked or suspended in another state, he or she shall not be issued a certificate of registration.

A registered roofing contractor is required to affix the registration number and his or her name to all of his or her contracts and bids. The official issuing building permits shall affix the contractor's registration number to each application for a building permit and on each building permit issued and recorded.

After a natural disaster, the department shall notify the public through advertisements and public service announcements that roofing contractors can register with the department. Advertising costs shall be paid out of the Roofing Contractor Fund established under the bill. If there are insufficient funds to cover advertising costs, the department shall pay for such expenses out of its annual appropriation.

FISCAL DESCRIPTION (continued)

Any complaints received by the department shall be recorded, and the department shall investigate all complaints concerning registered roofing contractors. The department may refuse to issue, renew, suspend, or revoke a certificate of registration for failure to meet the requirements of this bill. Any person in violation of the bill shall be found guilty of a class D misdemeanor. A second conviction within 10 years after the first conviction is a class B misdemeanor.

The provisions of the bill expire on August 29, 2023.

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
Department of Revenue
Office of the State Courts Administrator
Office of the State Public Defender
Office of Prosecution Services
Office of the State Treasurer
Administrative Hearing Commission

Ross Strobe



Acting Director
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