

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2470-01
Bill No.: HB 1213
Subject: Professional Registration and Licensing
Type: Original
Date: April 4, 2019

Bill Summary: This proposal prohibits persons under 18 years of age from using any tanning device of any tanning facility in this state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	\$0	\$82,686	\$80,649
Total Estimated Net Effect on General Revenue	\$0	\$82,686	\$80,649

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Profession Registration Fee Fund (0689) *	(\$116,193)	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$116,193)	\$0	\$0

* Costs and Transfers In from General Revenue net to zero in FY 2021 & FY 2022

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Professional Registration Fee Fund	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 577.665

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

Licensee/Revenue

5,000	Estimated Permits (1/3 of salons, health clubs, tanning salons)
\$40	Permit Fee (set by board)
Annual	Renewal Cycle

- In the current language of this proposed legislation, every tanning facility shall obtain a permit from the department according to the provisions of section 577.665.
- No fund is mentioned so General Revenue (GR) will be utilized for deposits and Professional Registration (PR) Fees Fund utilized for costs with transfer authority from GR to PR. Projected revenue reflects fees collected for all permits.
- It is estimated that the collection of initial license fees will begin in FY 2021 and annually thereafter.
- If the number of permits largely vary from the number estimated above, the licensure fees will be adjusted accordingly

In summary, DIFP assumes a revenue of \$200,000 (5,000 x \$40) in FY 2021 and FY 2022 as a result of this proposal.

Staffing-Estimated

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.

1 Processing Technician II at \$24,490 annually, needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

Complaints and Investigations

An individual may report a violation of one or more provisions of this section to the local law

enforcement agency and tanning facility shall be subject to a fine.

ASSUMPTION (continued)

In summary, DIFP assumes a cost of \$116,193 in FY 2020, \$117,314 in FY 2021 and \$119,351 in FY 2022 to provide for the implementation of the changes in this proposal.

Oversight will reflect the estimates provided by the DIFP. Since the legislation does not specify which fund the revenues will be deposited into, Oversight will reflect revenues deposited into the General Revenue Fund beginning in FY 2021. Oversight notes that the Professional Registration Fees Fund balance as of March 2019 was \$682,618. Oversight assumes the fund is sufficient enough cover the DIFP estimated cost in FY 2020.

Section 577.665.4

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposed legislation requires the DHSS to develop a notice that shall be posted by the owner, lessee, or operator of a tanning facility. The notice summarizes the law and health risks associated with tanning. No such notice currently exists and will need to be created by the division.

The Division of Community and Public Health (DCPH) anticipates existing staff and resources would be used to create signage for facilities to post to inform potential clients of the law change. It is presumed that a Planner III (average annual salary: \$52,428) will spend roughly 50 hours creating the signage using state-owned design software, working through DCPH and DHSS leadership structure gaining approval ultimately linking to the Department's web site for access by tanning facility operators. This will create a total one time personal service cost of \$1,261 (\$25.21 per hour @ 50 hours = \$1,261).

The department anticipates being able to absorb these costs. However, until the FY20 budget is final, the department cannot identify specific funding sources.

Oversight notes that the above mentioned agency has stated the cost of the proposal could be absorbed. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

Officials from the **Office of the Secretary of State (SOS)** assume 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 \$5,000. The SOS recognizes that

this is a small amount and does not expect that additional funding would be required to meet these costs.

ASSUMPTION (continued)

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 office can sustain with the 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.

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 require additional resources.

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

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from **Kansas City** assume the proposal will have no fiscal impact on their organization.

Oversight notes that Kansas City has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

FISCAL IMPACT - State Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
Revenue - DIFP	\$0	\$200,000	\$200,000
\$40 Permit Fee			
Transfer Out - to the Professional Registration Fees Fund (0689)	\$0	(\$117,314)	(\$119,351)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0	\$82,686	\$80,649
 PROFESSIONAL REGISTRATION FEES FUND (0689)			
Transfer In - from the General Revenue Fund	\$0	\$117,314	\$119,351
Cost - DIFP			
Salaries	(\$24,490)	(\$29,682)	(\$29,979)
Fringe Benefits	(\$17,972)	(\$21,656)	(\$21,747)
Equipment and Expense	(\$73,731)	(\$65,976)	(\$67,625)
Total Cost - DIFP	(\$116,193)	(\$117,314)	(\$119,351)
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE PROFESSIONAL REGISTRATION FEES FUND (0689)	(\$116,193)	\$0	\$0
Estimated Net FTE Change to the Professional Registration Fees Fund	1 FTE	1 FTE	1 FTE
 FISCAL IMPACT - Local Government	 FY 2020 (10 Mo.)	 FY 2021	 FY 2022
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small business tanning facilities would be directly impact by this proposal.

FISCAL DESCRIPTION

This bill prohibits anyone under the age of 18 from using a tanning bed or other tanning device, regardless of parental permission. The prohibition does not include any phototherapy device prescribed by a doctor to diagnose or treat a disease or injury. The bill requires tanning facility owners to obtain a permit to operate and to post a notice developed by the Department of Health and Senior Services at all tanning facilities. The bill also requires that a trained operator be present to assist customers at all times, that customers use protective eyewear, and that each tanning bed or device can be turned off by the customer while in use.

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 Health and Senior Services
Joint Committee on Administrative Rules
Office of the Secretary of State
Kansas City



Kyle Rieman
Director
April 4, 2019

Ross Strobe
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April 4, 2019