

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2796H.02I  
Bill No.: HB 1348  
Subject: Professional Registration and Licensing; Contracts and Contractors; Energy  
Type: Original  
Date: March 25, 2025

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Bill Summary: This proposal creates provisions relating to the registration of solar contractors and roofing contractors.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on General Revenue*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\***Oversight** assumes local political subdivisions will comply with this legislation and will recognize the statewide license. Therefore, Oversight will not reflect a possible withholding of local distributions of sales tax from local political subdivisions as a result of this proposal. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
PR Fees Fund (0689)	(\$223,442)	\$0	\$0
Missouri Roofing Contracting Fund	\$0	\$726,976	(\$148,160)
Missouri Solar Contracting Fund	\$0	\$248,317	(\$42,320)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$223,442)</b>	<b>\$975,293</b>	<b>(\$190,480)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
PR Fees Fund (0689)	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Oversight** assumes local political subdivisions will comply with this legislation and will recognize the statewide license. Therefore, Oversight will not reflect a possible withholding of local distributions of sales tax from local political subdivisions as a result of this proposal. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note.

## FISCAL ANALYSIS

### ASSUMPTION

#### §§324.800-324.1060 – Solar Contractors and Roofing Contractors

Officials from the **Department of Commerce and Insurance (DCI)** assume Sections 324.800 to 324.835 creates the registration requirements for roofing contractors. Section 324.820 establishes the Missouri Roofing Contracting Fund. Registrations are renewed every five years.

DCI assumes Sections 324.10025 to 324.1060 creates the statewide registration requirements for solar contractors. Section 324.1045 establishes the Missouri Solar Contracting Fund.

DCI assumes the following:

-Investment interest is credited to both funds. That unknown interest amount is not included in the revenue calculations.

-Registrations are renewed every five years. The renewal fee will not be collected until FY 2032. The fiscal note does not include renewal fee revenue.

#### Licensee/Revenue

500 Estimated Licensees – Roofing Contractors

\$1,800 Initial License Fee

\$1,800 Renewal License Fee

150 Estimated Licensees – Solar Contractors

\$2,000 Initial License Fee

\$2,000 Renewal License Fee

- In the current language of this proposed legislation, Professional Registration assumes one license holder per corporation, firm, institution, organization, or company will register with the department.
- Projected revenue reflects fees collected for all categories of licensure.
- A 3% growth rate has been estimated (60 additional initial licensees).
- It is estimated that the collection of initial license fees will begin in FY 2027.
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly.

In summary, DCI assumes a revenue of \$900,000 (500 licensees x \$1,800 Fee) in FY 2027 and \$27,000 (3% of 500 x \$1,800 fee) in FY 2028 to the Missouri Roofing Contracting Fund and a revenue of \$300,000 (150 licensees x \$2,000 fee) in FY 2027 and \$10,000 (3% of 150 x \$2,000

fee) in FY 2028 to the Missouri Solar Contracting Fund as result of the implementation of the changes in this proposal.

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-Estimated at PR current staffing salaries

1 Principal Assistant (at \$82,000 annually) needed to serve as the senior executive officer of the registration agency.

1 Customer Service Representative (at \$38,100 annually) needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

In summary, DCI assumes a cost of \$223,442 in FY 2026, \$224,707 in FY 2027 and \$227,480 in FY 2028 to provide for the implementation of the changes in this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated revenues and expenses provided by DCI. Since the revenues generated will not be collected until 2027, Oversight will reflect the cost in FY 2026 to the PR Fees Fund (0689). In FY 2027 and FY 2028, Oversight will reflect a cost to the PR Fees Fund but will also reflect a transfer in from the two newly created funds to offset the cost.

Oversight notes the balance of the PR Fees Fund as of February 2025 is \$920,458.

Officials from the **Department of Revenue (DOR)** assume this proposal establishes the Roofing Contactors and Solar Contractors licensing requirements. In Section 324.815.2 and Section 324.1040.2 this proposal states that if a local political subdivision fails to recognize the statewide license, they can be subject to an investigation. If during the investigation they continue to fail to recognize the statewide license, the Department of Commerce & Insurance (DCI) is to notify the Department of Revenue (DOR). DOR is to withhold any and all local distributions of sales tax until notified the local political subdivision is in compliance again.

DOR notes this would be a manual process completed by their tax team. DOR would need to manually key records during the time distributions are stopped. It should be noted that once DOR is notified that distribution can restart, the release of funds would not be until the following month during the distribution period. The Department assumes it can absorb this requirement with existing staff. Should the number of holds on distribution become justified to need new FTE, then DOR will seek them through the appropriations process.

Sections 324.805.2(4) and 324.1030.2(4) requires that all fees collected by DCI be transferred to DOR for deposit. Most fees collected by DCI are handled in this manner and therefore, this can be done with existing resources by DOR.

Officials from the DOR assume the fiscal impact of the proposal can be absorbed with existing resources. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

**Oversight** assumes local political subdivisions will comply with this legislation and will recognize the statewide license. Therefore, Oversight will not reflect a possible withholding of local distributions of sales tax from local political subdivisions as a result of this proposal. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charge contemplated by this change to Section 324.835 and 324.1060, would take approximately fourteen hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional attorney. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel, and litigation expenses. However, if the charge was classified as a class D misdemeanor no jail time would be authorized and the cases would not qualify for SPD representation.

**Oversight** assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

Officials from the **Office of Administration - Budget and Planning** assume sections 324.835 and 324.1060 create a new Class B Misdemeanor violation. A Class B Misdemeanor is subject to a fine up to \$1,000. It is unknown how many violations may occur annually under this statute or the fines that may be imposed per occurrence. Therefore, this proposal could increase total state revenue by an unknown amount.

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Office of the State Treasurer** and **Kansas City** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### Rule Promulgation

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

Officials from the **Office of the Secretary of State (SOS)** note 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. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>PR FEES FUND (0689)</b>			
<u>Transfer In</u> – from Missouri Solar Contracting Fund §§324.800-324.1060 p.4	\$0	\$51,683	\$52,320
<u>Transfer In</u> – from Missouri Roofing Contracting Fund §§324.800-324.1060 p.4	\$0	\$173,024	\$175,160
<u>Cost</u> – DCI §§324.800-324.1060 p.4			
Personal Service	(\$100,083)	(\$122,502)	(\$124,952)
Fringe Benefits	(\$66,433)	(\$80,683)	(\$81,665)
Equipment and Expense	(\$38,997)	\$0	\$0
Other Cost	(\$17,929)	(\$21,522)	(\$20,863)
<u>Total Cost</u> – DCI	<u>(\$223,442)</u>	<u>(\$224,707)</u>	<u>(\$227,480)</u>
FTE Change – DCI	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT TO THE PR FEES FUND (0689)</b>	<b><u>(\$223,442)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change to the PR Fees Fund (0689)	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>MISSOURI SOLAR CONTRACTING FUND</b>			
<u>Revenue</u> – DCI §§324.800-324.1060 <u>p.4</u>	\$0	\$300,000	\$10,000
<u>Transfer Out</u> – to the PR Fees Fund §§324.800-324.1060 p.4	<u>\$0</u>	<u>(\$51,683)</u>	<u>(\$52,320)</u>
<b>ESTIMATED NET EFFECT TO THE MISSOURI SOLAR CONTRACTING FUND</b>	<b><u>\$0</u></b>	<b><u>\$248,317</u></b>	<b><u>(\$42,320)</u></b>
<b>MISSOURI ROOFING CONTRACTING FUND</b>			
<u>Revenue</u> – DCI §§324.800-324.1060 <u>p.4</u>	\$0	\$900,000	\$27,000
<u>Transfer Out</u> – to the PR Fees Fund §§324.800-324.1060 p.4	<u>\$0</u>	<u>(\$173,024)</u>	<u>(\$175,160)</u>
<b>ESTIMATED NET EFFECT TO THE MISSOURI ROOFING CONTRACTING FUND</b>	<b><u>\$0</u></b>	<b><u>\$726,976</u></b>	<b><u>(\$148,160)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

This bill creates a statewide roofing contractor registration which allows a registrant to practice in any jurisdiction regardless of local requirements.

The bill specifies the requirements for the registration. Political subdivisions can establish local requirements but must recognize statewide registration for roofing contractors. Local subdivisions cannot require additional examinations or special requirements for statewide registered contractors. If a political subdivision fails to recognize statewide registration, the Division of Professional Registration can investigate and enforce compliance by notifying the Department of Revenue to withhold funds from local sales tax until compliance is achieved. This bill creates a "Missouri Roofing Contracting Fund". The State Treasurer manages the Fund, which is used exclusively for administering the provisions of the bill. Funds can't be transferred to general revenue until the fund exceeds three times the previous year's appropriation.

Registrations must be renewed every five years. Failure to renew results in inactive registration and reinstatement is required to practice. The registration will be restored if the application for reinstatement is received within two years of the renewal date. The division of professional registration can refuse, renew, or suspend registrations for specific causes specified in the bill. Applicants are notified of refusals and have the right to file a complaint. The Division publishes a list of registered contractors and current enforcement actions. Disciplinary actions can include censure, probation, suspension, or revocation of registration. Individuals with revoked registrations must wait at least one year to reapply. Any person who knowingly violates any provision of sections 324.800 to 324.835 will be guilty of a class B misdemeanor.

STATEWIDE SOLAR CONTRACTOR REGISTRATION (Sections 324.1025- 324.1060) This bill creates a statewide solar contractor registration which allows a registrant to practice in any jurisdiction regardless of local requirements.

The bill specifies the requirements for the registration. Political subdivisions can establish local requirements but must recognize statewide registration for registered solar contractors. Local subdivisions cannot require additional examinations or special requirements for statewide registered solar contractors. If a political subdivision fails to recognize statewide registration, the Division of Professional Registration can investigate and enforce compliance by notifying the Department of Revenue to withhold funds from local sales tax until compliance is achieved.

This bill creates a "Missouri Solar Contracting Fund". The State Treasurer manages the Fund, which is used exclusively for administering the provisions of the bill. Funds can't be transferred to general revenue until the fund exceeds three times the previous year's appropriation. Registrations must be renewed every five years. Failure to renew results in inactive registration; reinstatement is required to practice. The registration must be restored if the application for reinstatement is received within two years of the renewal date.

The Division of Professional Registration can refuse, renew, or suspend registrations for specific causes specified in the bill. Applicants are notified of refusals and have the right to file a complaint. The division publishes a list of registered contractors and enforcement actions. Disciplinary actions can include censure, probation, suspension, or revocation of registration. Individuals with revoked registrations must wait at least one year to reapply.

Any person who knowingly violates any provision of sections 324.1025 to 324.1606 will be guilty of a class B misdemeanor.

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 Administration - Administrative Hearing Commission

Office of Administration - Budget and Planning

Department of Commerce and Insurance

Department of Revenue

Office of the Secretary of State

Office of the State Public Defender

Office of the State Treasurer

Joint Committee on Administrative Rules

Kansas City



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March 25, 2025



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