

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3058-01  
Bill No.: HB 1090  
Subject: Business and Finance; Consumer Protection; Economic Development Dept  
Type: Original  
Date: February 6, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Professional Registration Fees Fund	(\$9,645)	\$9,645	\$0
Tanning Facility Fund	\$300,000	(\$145,956)	\$167,394
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$290,355</b>	<b>(\$136,311)</b>	<b>\$167,394</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development–Professional Registration (DPR)** assume the proposed legislation would result in potential licensure of 3,000 tanning businesses, based on an estimate from Heartland Tanning.

The revenue projected by DPR reflects an estimated \$200 fee for both initial licensure and biennial renewal for all categories of licensure, to be set by rule. Revenue for FY 2003 would be \$600,000. A 3% growth rate has been assumed. It is assumed the Tanning Facility Fund would reimburse the PR Fees Fund for all expenses paid by the PR Fees Fund.

DPR is requesting an additional 3.5 FTE to carry out duties created by this proposal. The additional employees include a Principal Assistant (1 FTE at \$48,240 per year) to serve as senior executive officer of the licensing agency; a Licensure Technician II (1 FTE at \$24,492 per year) to provide technical support directly to the Principal Assistant and to be responsible for processing applications for licensure, as well as responding to any inquiries relating to the licensure law or rules and regulations; a 0.5 Account Clerk II (.5 FTE at \$23,184 per year) to provide support for the Division's Central Accounting Section and Central Cash Receiving Room; and an Investigator II (1 FTE at \$37,488 per year) to assist in the Central Investigative Unit in conducting investigations and inspections.

DPR assumes that the division will appoint an advisory committee to assist the division in the licensure and regulation of tanning facilities. It is assumed that there will be a five (5) member advisory board and that all meetings would be held in Jefferson City. The Principal Assistant, Licensure Technician and an Attorney General representative will also attend. It is assumed meetings would be held 4 times per year for 2 days. It is assumed there would be 4 meetings in FY 2003 to promulgate rules and regulations. Associated travel costs (mileage, lodging, & meals) would be \$7,192 per year.

DPR estimates printing and postage costs for FY 2002 at \$6.19 per licensee, or \$18,570. DPR has based postage and printing costs for subsequent years on the actual FY 2002 usage for a board of similar size and has estimated costs \$10,000 per year. Office and communication expenses and equipment are based on estimated existing costs within the Division and follow Office of Administration guidelines.

Based on FY 2000 complaints for an agency of similar type, DPR officials assume it would be reasonable to assume there would be 60 complaints filed yearly, with an estimate of 15% of the complaints requiring an investigation, resulting in nine investigations. It is estimated that an average investigation will require 30 hours of field work. Travel costs to conduct investigations

ASSUMPTION (continued)

are estimated at \$2,295 yearly. It is assumed the complaints and investigations will not begin until FY 2004.

DPR officials also assume they would incur costs for random inspections to ensure compliance, and have assumed that for every 16 inspections, there would be an average of one night's lodging. Associated travel costs would be \$10,395 per year. The cost of an automobile to be purchased in FY 2003 is estimated at \$14,040.

It is assumed by DPR that existing staff would design, program, and implement a computer licensure program (8 hours x \$21.65 per hour = \$173.20).

It is estimated that the **Office of the Attorney General (AGO)** would provide approximately 60 hours of assistance per year with rules, opinions and meetings. Based on an hourly cost of \$60.87, the annual total would be \$3,652. Also, it is estimated that 25% of investigations will be forwarded to the AGO for further action. It is assumed there would not be any cases until FY 2004. Based on a cost of \$5,400 per case, the annual cost would be \$10,800.

DPR estimates administration services from the Division and from the Department of Economic Development will increase 0.95% as a result of this proposal, as the 3,000 licensees represent 0.95% of the total number licensed by the Division. This increase comes to \$20,224.

**Oversight** notes that previous responses to similar legislation by DPR have included staffing requests based on a range of 32 complaints to 89 complaints and personnel requests from 2 FTE to 3.5 FTE. In the response this year, DPR has requested 3.5 FTE to absorb the workload associated with 51 complaints. To remain consistent with prior fiscal note information, and in the absence of any specific justification for the increased number of complaints, Oversight has adjusted expenses to reflect costs associated with 2 FTE. Additionally, Oversight has not included the 0.95% increase in administrative services, as it is assumed that these duties can be absorbed by existing staff. Oversight has also not included the cost of a vehicle, assuming another vehicle within the DED-PR could be used. If multiple bills pass increasing the administrative workload, the Division and the Department of Economic Development may seek additional funding through the appropriations process. Fees have been adjusted accordingly, and are estimated at a biennial rate of \$100, for total biennial income of \$300,000.

Officials from the **Office of the Secretary of State (SOS)** assume, based on experience with other licensing boards, the rules, regulations and forms issued by the Division of Professional Registration could require as many as 20 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are

ASSUMPTION (continued)

estimated. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the \$1,230 estimated for FY 03. For future years, the impact is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

**Oversight** assumes 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, SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of the Attorney General** assume any additional costs incurred as a result of this proposal could be absorbed with existing resources.

Officials from the **Department of Revenue, Office of Administration - Administrative Hearing Commission, Office of the State Treasurer,** and the **Office of State Courts Administrator** assume the proposed legislation would have either minimal or no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>TANNING FACILITIES FUND</b>			
<u>Income-DPR</u>			
Licensure Fees/Renewals	\$300,000	\$9,000	\$309,000
<u>Costs-DPR</u>			
Transfers to PR Fees Fund	<u>\$0</u>	<u>(\$154,956)</u>	<u>(\$141,606)</u>
<b>ESTIMATED NET EFFECT TO TANNING FACILITIES FUND</b>	<b><u>\$300,000</u></b>	<b><u>(\$145,956)</u></b>	<b><u>\$167,394</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>PR FEES FUND</b>			
<u>Income-DPR</u>			
Transfer from Tanning Facilities Fund	\$0	\$154,956	\$141,606
<u>Costs-DPR</u>			
Personal Service (2 FTE)		(\$70,766)	(\$72,535)
Fringe Benefits		(\$25,483)	(\$26,120)
Expense & Equipment	(\$5,993)	(\$34,610)	(\$28,499)
Other Costs-AGO Costs	<u>(\$3,652)</u>	<u>(\$14,452)</u>	<u>(\$14,452)</u>
<u>Total Costs-DPR</u>	<u>(\$9,645)</u>	<u>(\$145,311)</u>	<u>(\$141,606)</u>
<b>ESTIMATED NET EFFECT TO PR FEES FUND</b>	<b><u>(\$9,645)</u></b>	<b><u>\$9,645</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

It is expected that small businesses would have a direct fiscal impact as a result of this proposal.

DESCRIPTION

This bill would require that all tanning facilities operating in the state be licensed with the Division of Professional Registration within the Department of Economic Development. The Division of Professional Registration would promulgate rules and regulations pertaining to the operation of tanning facilities. The bill would define tanning facilities, tanning devices, and photo therapy devices. Tanning facilities would also be required to post signs warning of ultraviolet radiation and the long term effects to the human body caused by ultraviolet radiation.

The bill would require tanning facilities to have operators on duty who are knowledgeable of the operation of tanning equipment on the premises. Facilities would be required to provide customers with eye protection; show customers all physical aids within the facility; use accurate timers on all devices; limit exposure to that recommended by the manufacturer; and maintain the facility's interior temperature.

DESCRIPTION (continued)

All customers would be required to sign a written statement that they have read and understand all warnings presented by the facility before being allowed to use any device within the facility. All persons between the ages of 14 and 18 would be required to provide the operator of the facility with a written statement from a parent or guardian saying that they understand all warnings given by the facility before allowing the minor to use any devices in the facility.

The proposal would create the Tanning Facility Fund into which fees would be deposited. The Division would set the amount of the fees to be collected.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. This proposal would affect Total State Revenues.

SOURCES OF INFORMATION

Department of Economic Development - Division of Professional Registration  
Office of the Secretary of State  
Office of the Attorney General  
Department of Revenue  
Office of Administration - Administrative Hearing Commission  
Office of State Courts Administrator  
Office of the State Treasurer



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