

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4757-01
Bill No.: HB 2057
Subject: Economic Development Dept.; Housing; Licenses - Professional
Type: Original
Date: March 12, 2008

Bill Summary: Requires home inspectors to be licensed by the division of professional registration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Missouri Home Inspector	\$0	\$201,438	(\$94,761)
PR Fees	(\$61,528)	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$61,528)	\$201,438	(\$94,761)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Missouri Home Inspector	1.5	1.5	1.5
Total Estimated Net Effect on FTE	1.5	1.5	1.5

- 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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Office of the Governor, Missouri Senate, Office of State Treasurer, and St. Louis County** assumes the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration (COA) - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS 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 SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** assume there are 600 persons will be required to be licensed in this state and that each licensee will pay \$500 per license (\$300,000) biennially, with a three percent growth in the number of licensees per year. It is assumed that no revenue will be generated by the Missouri Home Inspector Commission in FY 10. Therefore, expenses incurred by the board will be paid back the PR Fees Fund by a lending board within the division pursuant to section 620.106, RSMo. It is estimated payback of any outstanding loans would be made in FY 12.

It is assumed that the board will need 1.5 FTE: 0.5 FTE Principal Assistant (Executive Director \$47,676, full-time annual) to serve as the senior executive officer, 0.5 FTE Licensure Technician II (\$24,636, full-time annual) to be responsible for processing applications for licensure as well as responding to inquiries regarding the licensure laws, rules and regulations, and 0.5 FTE Investigator II (\$34,908, full-time annual) to conduct investigations, service notices and gather information required by the board.

The board will be composed of 5 members. It is estimated the board will meet once annually with estimated meeting expenses of \$1,805. Members are to receive compensation and are to be reimbursed for reasonable and necessary expenses.

ASSUMPTION (continued)

It is assumed assistance from the Attorney General's Office (AGO) and the Administrative Hearing Commission (AHC) will be required. It is anticipated costs will be incurred from the AGO in FY 09 and AHC costs will be incurred starting in FY 10. Estimates are based on a board of similar size.

It is also estimated that the board will receive complaints. The DIFP does not anticipate receiving any complaints until FY 10. It is estimated that 30% of the complaints filed will require field investigations and that 50% of those investigations will require an investigator to incur overnight expenses. The DIFP estimates \$675 in annual investigative expenses.

Other expenses are based on the costs for boards of similar size.

Oversight notes the effective date of the proposal is January 1, 2009.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (6 Mo.)	FY 2010	FY 2011
MISSOURI HOME INSPECTOR FUND			
<u>Transfer-In - DIFP</u>			
Transfer from PR Fees Fund	\$61,528	\$0	\$0
<u>Income - DIFP</u>			
Licensure fees/renewals	\$0	\$300,000	\$9,000
<u>Costs - DIFP</u>			
Personal service (1.5 FTE)	(\$27,610)	(\$56,325)	(\$57,732)
Fringe benefits	(\$12,209)	(\$24,907)	(\$25,529)
Equipment and expense	(\$20,199)	(\$15,603)	(\$18,704)
Board per diem, AGO, and AHC	(\$1,510)	(\$1,727)	(\$1,796)
Total Cost - DIFP	(\$61,528)	(\$98,562)	(\$103,761)
FTE Change - DIFP	1.5 FTE	1.5 FTE	1.5 FTE
ESTIMATED NET EFFECT ON MISSOURI HOME INSPECTOR FUND			
	<u>\$0</u>	<u>\$201,438</u>	<u>(\$94,761)</u>
Estimate of Net FTE Change for Missouri Home Inspector Fund	1.5 FTE	1.5 FTE	1.5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2009 (6 Mo.)	FY 2010	FY 2011
PR FEES FUND			
<u>Transfer-Out - DIFP</u>			
Transfer to Missouri Home Inspector Fund	<u>(\$61,528)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>(\$61,528)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal would impact small business home inspectors as they would be required to be licensed.

FISCAL DESCRIPTION

This proposal requires home inspectors to be licensed by the Division of Professional Registration within the Department of Insurance, Financial Institutions, and Professional Registration.

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 Attorney General
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Office of the Governor
Missouri Senate
Office of Secretary of State
Office of State Treasurer
St. Louis County

**NOT RESPONDING: Counties of: Boone, Callaway, Cole, Greene, Jasper, Johnson,
Miller, Monroe, Nodaway, Scotland, St. Charles, Sullivan, Texas**



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Director
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