

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4113-02  
Bill No.: HB 1291  
Subject: Construction and Building Codes; Licenses - Professional  
Type: Original  
Date: February 7, 2012

Bill Summary: This proposal requires a person conducting a home inspection to be licensed by the Division of Professional Registration within the Department of Insurance, Financial Institutions and Professional Registration.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Professional Registration Fees Fund	(\$107,319)	\$0	\$0
Home Inspectors' Fund	\$0	\$428,843	(\$115,966)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$107,319)</b>	<b>\$428,843</b>	<b>(\$115,966)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Home Inspectors' Fund	1.5	1.5	1.5
<b>Total Estimated Net Effect on FTE</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this proposal establishes licensure for persons performing home inspections in the State of Missouri.

According to DIFP, they assume the board would be similar in size to the board for Psychology. Based on a projection from the Missouri Economic Research and Information Center, it is estimated there will be approximately 2,400 licenses. In addition, a 3% growth rate has been estimated.

The projected revenue reflects an initial licensing fee of \$220 per licensee beginning in FY 14 and renewal fees will not be collected until FY 16. It is also important to note, that once the fees for the board are established by rule other fees could offset the estimated costs.

It is assumed that all fees collected would be deposited into the Missouri Home Inspectors Fund and that all expenses would be paid out of that fund. It is assumed no revenue will be generated by the Missouri Home Inspectors' Board in the first year, therefore, expenses incurred by the board will be paid back to the PR Fees Fund by a lending board within the division, pursuant to section 324.016, RSMo. It is estimated payback of any outstanding loans would be made in FY 2016. However, should the number of licenses largely vary from the number estimated above, the licensure fees will be adjusted accordingly.

The proposed legislation will create the need for 1.5 FTE as follows: 0.5 FTE Principal Assistant (annual salary \$20,460) to serve as the senior executive officer of the licensing agency; 0.5 FTE Processing Technician II (annual salary \$10,575) to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations; and 0.5 FTE Investigator II (annual salary \$14,830) to conduct investigations and inspections, service notices and gather information required by the board.

It is assumed the board will meet four times per year for two days. Board meeting expenses are estimated to be \$4,860 for FY 13, \$4,982 for FY 14 and \$5,106 for FY 15 plus per diem of \$70 per day per board member (5).

Printing and postage expenses for the first year include printing of rules, applications, letterhead and envelopes, as well as cost associated with mailings for initial licensure. Subsequent years' printing and postage is based on a board of similar size. Printing and postage expenses are estimated to be \$30,000 for FY 13; and \$7,323 annually for FY 14 and FY 15.

ASSUMPTION (continued)

Based on a board of similar size, it is estimated that the board will receive approximately ten complaints, beginning in FY 14. It is estimated that 30% of the complaints files will require field investigations and it is anticipated that 50% of the complaints that are investigated would require an investigator to incur overnight expenses. Therefore, beginning in FY 14, it is estimated there will be approximately \$281 annually in travel and investigative expenses.

Costs are calculated for services provided to the division by the Attorney General's Office and the Administrative Hearing Commission (AHC). It is anticipated \$28,5790 will be incurred annually, based on a board of similar size, for the AGO and AHC.

Boards within the division incur division-wide expenses based on specific board licensee averages, in addition to the DIFP and Office of Administration cost allocation plans. Approximately \$14,966 in additional expenses will be considered in calculating the anticipated license and renewal fees although these costs will not require additional appropriation for the Professional Transfer Core budget.

**Oversight** assumes, as was stated above, the division wide expenses were used to calculate the anticipated license and renewal fees. They did not require additional appropriation for the Professional Transfer Core budget, therefore, these expenses have been taken out of the total expense calculation. In addition, there were expenses for office equipment calculated for 3 FTE, however the salaries were for 1.5 FTE. It is assumed the requirements for the job will be either part time or by someone who also performs the tasks for another board. If in the future it is determined the requirements for this board will need a full time position or positions the department can then request additional funds through the appropriation process.

Officials from the **Department of Revenue (DOR)** assume this proposal adds a new category to state licenses administered by Professional Registration. Under Section 324.010 (HB 600), RSMo., the assumption is, this adds an additional professional license required to get a tax clearance. This would add to the list of HB 600 positions.

No anticipated impact to Taxation Cashiering - Section 339.912.1 - Fee is to be collected by Professional Registration and transferred to DOR for deposit into the fund. This is strictly an Investment and Cash Management Office (ICMO) function and will not impact Taxation.

DOR assumes with the state home inspector added to Section 339 the professional license tax compliance required within Section 324.010 would apply. DOR assumes a Revenue Processing Technician I (Range 10, Step L) for every additional 19,000 contacts annually, to review listing, corresponding, and phone calls.

ASSUMPTION (continued)

**Oversight** assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**PROFESSIONAL REGISTRATION  
 FEES FUNDS**

Cost - Professional Registration Fees  
 Funds

Salaries	(\$48,665)	(\$58,388)	(\$58,944)
Fringe Benefits	(\$23,254)	(\$28,183)	(\$28,465)
Equipment & Expense	<u>(\$35,400)</u>	<u>(\$12,586)</u>	<u>(\$12,717)</u>
	(\$107,319)	(\$99,157)	(\$100,126)

<u>Transfer out - Transfer from E1 Fund</u>	<u>\$0</u>	<u>\$99,157</u>	<u>\$100,126</u>
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**ESTIMATED NET EFFECT ON  
 PROFESSIONAL REGISTRATION  
 FEE FUNDS**

	<u>(\$107,319)</u>	<u>\$0</u>	<u>\$0</u>
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**HOME INSPECTORS' FUND**

<u>Costs- PR Fees Fund, Attorney General &amp;    Administrative Hearing Commission</u>	\$0	(\$99,157)	(\$100,126)
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<u>Revenue - Home Inspectors' Fund</u> License Fees	<u>\$0</u>	<u>\$528,000</u>	<u>\$15,840</u>
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**ESTIMATED NET EFFECT ON  
 HOME INSPECTORS' FUND**

	<u>\$0</u>	<u>\$428,843</u>	<u>(\$115,966)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

The Department of Insurance, Financial Institutions and Professional Registration assumes there could be a fiscal impact on small businesses.

The Department of Revenue assumes administratively, if conducting in home inspection, the business would have to ensure each employee was licensed per the provisions of these sections.

FISCAL DESCRIPTION

The proposed legislation requires a person conducting a home inspection to be licensed by the Division of Professional Registration within the Department of Insurance, Financial Institutions and Professional Registration.

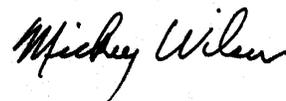
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions &  
Professional Registration  
Department of Revenue

NOT RESPONDING

State Treasurer's Office



Mickey Wilson, CPA  
Director  
February 7, 2012