

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 3363-01
BILL NO. HB 1287
SUBJECT: Tanning Facilities: Licenses - Professional
TYPE: Original
DATE: January 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Tanning Facility	\$240,000	(\$202,127)	\$128,169
PR Fees	(\$102,556)	\$102,556	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$137,444	(\$99,571)	\$128,169

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)-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 projected revenue reflects a \$125 fee for both initial licensure and for biennial renewal for all categories of licensure, which has been set by statute. Revenue for FY 01 would be \$225,000 (3,000 x \$75). In addition, a 3% growth rate has been estimated.

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 3.25 FTE to carry out duties generated by this proposal. The additional employees would include a .5 Principal Assistant (.5 FTE at \$44,504 per year) to serve as senior executive officer of the licensing agency, a .5 Licensure Technician II (.5 FTE at \$23,472 per year) to provide technical support directly to the Principal Assistant and to be responsible for processing applications for licensure, as well as respond to any inquiries relating to the licensure law or rules and regulations, a .5 Clerk IV (.5 FTE at \$25,440 per year) to provide support for the Division's Technical Support Services, a .5 Account Clerk II (.5 FTE at \$22,164 per year) to provide support for the Division's Central Accounting Section and Central Case Receiving Room, a .25 Clerk Typist II (.25 FTE at \$19,452 per year) to provide support to the Technical Support Services Unit to assist with phone coverage due to the anticipated increases in telephone calls and one Investigator (1 FTE at \$36,468 per year) to assist in the Central Investigative Unit in conducting investigations and inspections.

It is assumed the DPR would appoint an advisory committee to assist the DPR in the licensure and regulation of tanning facilities. It is assumed there would be a five member advisory board and that all meetings would be held in Jefferson City. It is assumed these meetings would be held four times per year for two days each. Associated travel costs (mileage, lodging and meals) would be \$7,096 per year.

DPR has based postage and printing costs on the actual FY 99 usage for a board of similar size and type and has estimated costs in FY 01 to be \$18,510 and \$12,250 in subsequent years. Additional costs would be incurred the first year for statute and rule mailings to applicants and for first year start up printing of rules and applications. Office and communication expenses and equipment are based on estimated existing costs within the Division.

ASSUMPTION (continued)

Based on FY 99 complaints for an agency of similar type, DPR officials assume it would be reasonable to assume there would be 89 complaints filed each year, with an estimate of 15% of the complaints requiring investigation, resulting in 13 investigations. It is estimated that an average investigation would require approximately 30 hours of field work . Travel costs to conduct the investigations are estimated at \$3,315 annually. It is assumed the complaints and investigations would not start until FY 03.

DPR officials also assume they would incur costs for random inspections to ensure compliance, and have assumed for every 16 inspections, there would be an average of one night's lodging. Associated travel costs would be \$10,395 per year.

It is assumed that existing staff would design, program, and implement a computer licensure program. However, if costs are higher than anticipated, further monies would be required.

It is assumed 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 \$59.22, the annual total would be \$3,553. Also, it is estimated that 25% of the investigations (3 cases) would be forwarded to the AGO for further action. It is assumed there would not be any cases until FY 03. Based on a cost of \$5,400 per case, the annual cost would be \$16,200.

Oversight assumes the duties required by this proposal are substantially the same as those required in a similar previous proposal, in which the DPR requested 2 FTE. However, for this proposal, the DPR has requested 3.5 FTE on the basis of assuming that 89 complaints would be filed, rather than 32 complaints, as assumed previously. Due to the larger number of complaints, DPR assumes it would be necessary to hire an Investigator, rather than in-house staff and board members handling investigations, as assumed in the previous proposal. To remain consistent with the fiscal impact of the similar previous proposal, **Oversight** has adjusted expenses to reflect costs associated with 2 FTE and has adjusted fees accordingly at a biennial rate of \$80.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$1,205 for FY 01. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, the SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

ASSUMPTION (continued)

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 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 (AGO)** assume any additional costs incurred as a result of this proposal could be absorbed.

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

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
TANNING FACILITY FUND			
<u>Income-Division of Professional Registration (DPR)</u>			
Licensure Fees/Renewals	\$240,000	\$3,600	\$254,640
<u>Costs - DPR</u>			
Transfer to PR Fees Fund	\$0	(\$205,727)	(\$126,471)
ESTIMATED NET EFFECT TO TANNING FACILITY FUND	<u>\$240,000</u>	<u>(\$202,127)</u>	<u>\$128,169</u>

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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(10 Mo.)

PR FEES FUND

Income - DPR

Transfer from Tanning Facility Fund	\$0	\$205,727	\$126,471
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Costs-DPR

Personal Service (2 FTE)	(\$48,784)	(\$60,004)	(\$61,504)
Fringe Benefits	(15,001)	(18,451)	(18,912)
Expense and Equipment	(35,218)	(21,163)	(25,315)
Other Costs/AGO Costs	<u>(3,553)</u>	<u>(3,553)</u>	<u>(20,740)</u>
Total <u>Costs</u> - DPR	(\$102,556)	(\$103,171)	(\$126,471)

ESTIMATED NET EFFECT TO

PR FEES FUND

	<u>(\$102,556)</u>	<u>\$102,556</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

	\$0	\$0	\$0
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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

DESCRIPTION (continued)

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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.

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 or rental space.

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 the State Treasurer
Office of Administration - Administrative Hearing Commission
Office of State Courts Administrator



Jeanne Jarrett, CPA
Director
January 25, 2000