

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1723-01
Bill No.: HB 640
Subject: Law Enforcement Officers & Agencies; Licenses–Professional; DED
Type: Updated#
Date: April 3, 2001
 #Updated based on Oversight Subcommittee ruling of April 2, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue#	(\$70,598)	\$614,125	(\$255,765)
Various Board Funds#	\$59,397	\$61,179	\$63,014
Total Estimated Net Effect on <u>All</u> State Funds#	(\$11,201)	\$675,304	(\$192,751)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Office of the Attorney General**, the **Office of Prosecution Services**, the **Office of State Courts Administrator**, the **Office of State Public Defender**, the **Department of Public Safety**, the **Department of Revenue**, and the **Department of Insurance** assume minimal or no impact as a result of the proposal.

Officials with the **Department of Corrections** assume the proposal will result in some additional costs through supervision provided by the Department, but that the impact would be zero or a minimal amount that could be absorbed with existing resources.

This bill creates the Board of Private Investigator Examiners within the Division of Professional Registration. Officials with the **Office of the Secretary of State (SOS)** assume the board will promulgate rules to carry out the provisions of this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Board of Private Investigator Examiners could require as many as approximately 38 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 Code. These costs are 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 numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

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 appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

#Officials with the **Department of Economic Development–Division of Professional Registration** assume the proposal will result in the licensing of 8,266 individuals and 278 firms as private investigators, based on numbers from the Department of Public Safety. DPR assumes a fee of \$110 will be paid for all categories of licensure with triennial renewal. DPR estimates growth at 3%, and assumes licensure begins in FY 2003, for total revenues of \$469,920 in FY 2003 and \$14,080 in FY 2004.

It is assumed that all fees will be paid to and expenses paid from General Revenue, as no fund is established in the proposal.

ASSUMPTION (continued)

#DPR assumes that implementation of the proposal will require the employment of four FTE, as follows: one Principal Assistant (1 FTE at \$50,682) to serve as the senior executive officer of the agency; one Licensure Technician II (1 FTE at \$25,732) to provide technical support, processing applications for licensure as well as responding to any inquiries related to the licensure law or rules & regulations; .5 Account Clerk II (.5 FTE at \$12,179) to provide support for the Division's Central Accounting Section and Cash Receiving Room; .5 Investigator II (.5 FTE at \$19,693) to assist the Central Investigative Unit in conducting investigations & inspections.

Office and communication expenses are calculated by DPR based on estimated existing costs within the Division and follow Office of Administration guidelines. DPR estimates that 1200 square feet of office space will be needed for the new FTE, at a cost of \$16,200 annually.

DPR estimates that the five member board would meet four times per year for two days per meeting, in Jefferson City. Four meetings are expected in FY 2002 to promulgate rules. Mileage, lodging, and meal expenses are estimated at \$7,376 per annum.

#Based on a similar agency, DPR feels that 147 complaints may be expected annually. Each complaint is estimated to require five hours labor. An estimated 15% of these complaints will require investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the 22 investigations are estimated at \$5,610 annually. Also, 25% of the investigations are expected to result in referral to the Office of the Attorney General. At \$5,400 per case, total costs are estimated at \$27,000. Complaints, investigations, and cases are not expected until FY 2004.

The Office of the Attorney General is also expected to provide 60 hours assistance yearly with rules, opinions, and meetings. At an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly.

#Printing and postage costs are estimated at \$6.19 per licensee in the first year, for a total of \$55,710. Subsequent years are expected at \$15,960 annually, based on a similarly-sized board.

#Licensed private investigators will represent 2.79% of the Division's licensees. As such, the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$59,397 per annum. DPR assumes these costs will begin in FY 2002. Also, an automated licensure program is expected to be developed at a cost of \$21.65 per hour for eight hours, for a total cost of \$173 in FY 2002.

#**Oversight** assumes that the \$59,397 in administrative costs will generally offset the required reimbursement of other funds, and will not be used for new FTE.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
VARIOUS BOARD FUNDS			
<u>#Savings-DPR</u>			
Other Fund Costs	<u>\$59,397</u>	<u>\$61,179</u>	<u>\$63,014</u>
GENERAL REVENUE FUND			
<u>#Revenues-DPR</u>			
Licensure/Renewal Fees	\$0	\$939,840	\$28,160
<u>#Costs-DPR</u>			
#Personal Service (4 FTE)	\$0	(\$108,286)	(\$110,993)
#Fringe Benefits	\$0	(\$36,092)	(\$36,994)
#Expense & Equipment	(\$7,376)	(\$89,824)	(\$41,212)
#Other Fund Costs/AGO Costs	<u>(\$63,222)</u>	<u>(\$91,513)</u>	<u>(\$94,726)</u>
<u>#Total Costs-DPR</u>	<u>(\$70,598)</u>	<u>(\$325,715)</u>	<u>(\$283,925)</u>
#ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(\$70,598)</u>	<u>\$614,125</u>	<u>(\$255,765)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses operating as private investigators.

DESCRIPTION

This bill creates within the Division of Professional Registration the Board of Licensed Private Investigator Examiners. No person will provide private investigative services without first being licensed.

The bill contains provisions which include the makeup and duties of the board; exemptions from licensure; requirements for application and licensure; providing proof of liability insurance;

DESCRIPTION (continued)

training and written examinations; fees; conducting background checks on applicants; denial, suspension, or revocation of licenses; types and terms of licenses; and reciprocity.

The bill allows licensees to disclose to the board, any law enforcement agency, prosecutor, or the licensee's own representative any information regarding a criminal offense or instruct their client to do so if they are a victim of a criminal act. Licensees are prohibited from making false reports, presenting themselves as a state or federal officer, or manufacturing false evidence. Certain identifying evidence must be filed with the board by licensees.

The bill further requires private investigators or investigator agencies to maintain complete records of business transactions. Records may be confidentially examined by the authority of the board under certain circumstances. The bill contains penalty provisions.

This legislation is not federally mandated and would not duplicate any other program.

SOURCES OF INFORMATION

Office of the Attorney General
Office of the Secretary of State
Office of State Courts Administrator
Office of State Public Defender
Office of Prosecution Services
Department of Revenue
Department of Insurance
Department of Corrections
Department of Economic Development
 Division of Professional Registration
Department of Public Safety



Jeanne Jarrett, CPA
Director

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