



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bills 1230 and 1231 (as introduced 5-13-04)

Sponsor: Senator Laura M. Toy

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-19-04

CONTENT

Senate Bill 1230 would amend the State License Fee Act to make an exception to the requirement that a fee collected by the Department of Labor and Economic Growth (DLEG), when paid under the Act, not be refunded.

Senate Bill 1231 would amend the Occupational Code to require DLEG to do the following:

- Issue initial and renewal licenses and registrations within six months of the date of application.
- Refund the application fee and reduce the applicant's next renewal application, if any, by 15%, if the Department missed the deadline.
- Submit to the Legislature an annual report regarding license and permit applications.
- Process a request to issue a license or approval to a school or person providing occupational training, within six months.

Senate Bill 1230 is tie-barred to Senate Bill 1231. The bills are described in detail below.

Senate Bill 1230

Under the State License Fee Act, a fee collected by the Department, when paid pursuant to the Act, may not be refunded except as provided in rules promulgated by DLEG. Under the bill, this provision would be subject to Section 411 of the Occupational Code (which, under Senate Bill 1231, would require a refund if DLEG failed to issue or deny a license within six months). The bill is tie-barred to Senate Bill 1231.

(The State License Fee Act prescribes the fees for the occupations regulated by the Occupational Code.)

Senate Bill 1231

Beginning on the bill's effective date, DLEG would have to issue an initial or renewal license or registration within six months after an applicant filed a completed application. Within 10 days after receiving an application the Department considered incomplete, DLEG would have to give the applicant written notice describing the deficiency and requesting additional information. The six-month period would be tolled (suspended) upon notification of a deficiency until DLEG received the requested information.

If DLEG failed to issue or deny a license or registration within the time required, it would have to return the license or registration fee and reduce the fee for the applicant's next renewal application, if any, by 15%. The Department would be prohibited from discriminating against an applicant in the processing of the application based upon the fact that the application fee was refunded or discounted.

By January 31 of each year, beginning in 2005, the DLEG Director would have to submit a report to the standing committees and Appropriations subcommittees of the Senate and House of Representatives concerned with occupational issues. The Director would have to include all of the following information in the report concerning the preceding calendar year:

- The number of initial and renewal applications DLEG received and completed within the six-month time period.
- The number of applications requiring a request for additional information.
- The average time for an applicant to respond to a request for additional information.
- The number of applications rejected, categorized by reason for rejection.
- The amount of application fees returned to licensees and permittees.
- The number of applications not issued within the six-month period.
- The average processing time for initial and renewal applications granted after the six-month period.

Under the Code, if provided in an article, DLEG may issue a license to, or grant approval to, a school, institution, or other person offering training or education in an occupation. A board may make a recommendation on the licensure or approval within 90 days after the Department requested that recommendation. The bill would require DLEG to process a request for a license or approval within six months after the submission of a completed application (as described above). The six-month period would include the 90 days allowed for a board to make a recommendation.

(The Occupational Code regulates public accountants, boxing participants, collection agencies, personnel agencies, hearing aid dealers, barbers, cosmetologists, morticians, architects, professional engineers, surveyors, foresters, landscape architects, community planners, residential builders, real estate brokers and salespersons, real estate appraisers, and ocularists.)

MCL 338.2205 (S.B. 1230)
339.207 et al. (S.B. 1231)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

According to the Department, the total amount of fees collected in FY 2001-02 for licensing occupations was \$8.9 million. In FY 2002-03, the Department renewed 182,000 licenses and processed 26,000 applications. The amount of revenue that would be lost as a result of refunded and discounted fees is indeterminate and would depend on the particular occupations and the number of times DLEG missed the deadline.

The bill also would require a report that would include new or additional information not currently collected. The database adjustment required to accommodate this requirement could increase Information Technology costs.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.