

Legislative Analysis



EXTENSION OF LARA FEE SUNSETS AND ESTABLISHING GUIDELINES REGARDING THIRD PARTY EXAM ADMINISTRATORS

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Senate Bills: 1258 (S-1) & 1259 (S-1)

Sponsor: Sen. Jansen

Committee: Appropriation

Complete to September 21, 2012

A SUMMARY OF SENATE BILLS 1258 AND 1259 AS PASSED BY THE SENATE

Senate Bills 1258 (S-1) and 1259 (S-1) amend current statutes to maintain FY 2011-12 fee amounts by extending past fee increases which would otherwise expire (a.k.a. "sunset") on September 30, 2012 by three years, to September 30, 2015. The State Budget Office (SBO) assumed the elimination or extension of these fee sunsets in the creation of the FY 2012-13 Executive Budget Recommendation as did the Legislature in the drafting of the annual appropriation act for the Department of Licensing and Regulatory Affairs (LARA). The fee sunsets extended by each bill and the estimated revenue assumed in the FY 2012-13 LARA budget based on fee sunsets being extended, thus maintaining the FY 2011-12 fee amounts, are summarized below.

SB 1258 (S-1) extends certain fee sunsets established by the Uniform Securities Act (2002 PA 551) for three years, specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Securities broker/dealer annual registration fee	\$250.00	\$300.00	\$100,200
Securities agent annual registration and/or change fee	\$30.00	\$65.00	\$5,125,000
Securities investment advisor annual registration fee	\$150.00	\$200.00	\$30,000
Securities investment advisor representative annual registration and/or change fee	\$30.00	\$65.00	\$359,400
Securities federal covered investment advisor annual notice fee	\$150.00	\$200.00	\$188,700

SB 1259 (S-1) extends certain fee sunsets established by the State License Fee Act (1979 PA 152) for three years, specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)	
Professional engineer application processing fee	\$30.00	\$35.00	\$465,800	
Professional engineer annual license	\$20.00	\$40.00		
Land surveyor application processing	\$30.00	\$35.00	\$24,500	
Student barber, barber, student instructor, barber instructor application processing fee	\$15.00	\$20.00	\$284,300	
Barbershop application processing fee	\$40.00	\$50.00		
Barber college application processing fee	\$50.00	\$75.00		
Student barber, barber, student instructor annual license fee	\$15.00	\$30.00		
Barber instructor annual license fee	\$25.00	\$40.00		
Barbershop annual license fee	\$30.00	\$40.00		
Demonstrator's or demonstration temporary permit	\$10.00	\$15.00		
Collection agency manager license	\$25.00	\$35.00		\$10,500
Community planner application processing fee	\$30.00	\$35.00		\$1,200
Cosmetologist application processing fee	\$10.00	\$15.00		\$1,555,700
Cosmetologist annual license	\$12.00	\$24.00		
Cosmetologist student registration	\$5.00	\$15.00		
Employment or consulting agent annual license	\$30.00	\$40.00	\$2,200	
Forester annual registration	\$25.00	\$40.00	\$300	
Hearing aid dealer trainee annual license	\$20.00	\$40.00	\$7,000	
Real estate brokers and associate brokers application processing fee	\$20.00	\$35.00	\$41,000	
Real estate branch office annual license	\$10.00	\$20.00		

Certified general or residential, licensed, or limited real estate appraiser application processing fee	\$25.00	\$35.00	\$20,700
Mortuary science or funeral director annual license	\$30.00	\$40.00	\$104,300
Funeral resident trainee annual license	\$15.00	\$30.00	
Ocularist application processing	\$15.00	\$35.00	\$200
Ocularist annual registration	\$20.00	\$40.00	
Ocularist apprentice annual registration	\$10.00	\$20.00	

SB 1259 (S-1) also formally creates the Licensing and Regulation Fund under the State License Fee Act and stipulates that the money in the Fund at the close of the fiscal year would not lapse into the General Fund. Currently, Section 320 of 2012 PA 200, as well as previous appropriation acts, stipulates that revenue collected by the Bureau of Commercial Services from licensing and regulation fees may be carried forward into subsequent years. SB 1259 (S-1) would enshrine the substance of this boilerplate section into the State License Fee Act. However, SB 1259 (S-1) stipulates that money in the Fund would be used to offset the costs of operating the Department; that language is not included in Section 320.

Additionally, SB 1259 (S-1) defines a "third party exam administrator" as a person or entity outside of LARA with which LARA contracts to administer examinations under the Occupational Code and requires LARA to contract with such third party exam administrators via a competitive bidding process satisfying the requirements of the Management and Budget Act. Currently, LARA does not actually administer any of the required examinations under the Occupational Code but contracts with third party exam administrators to which examination fees are paid directly by licensure applicants. The examination fees charged by third party exam administrators exceed the amounts stipulated in the State License Fee Act for six of the twelve examination fees that are specifically stipulated in the State License Fee Act. The amount by which examination fees charged by third party exam administrators exceed those stipulated in the State License Fee Act vary, but the total revenue collected due to the excess examination fees is approximately \$790,000 annually. SB 1259 (S-1) would require that the examination fee charged by third party exam administrators would be stated in the contract with LARA and LARA would be required to provide an annual report to the Legislature concerning the examination fees charged by third party exam administrators.

FISCAL IMPACT:

Senate Bills 1258 (S-1) and 1259 (S-1) would have a significant fiscal impact on the Bureaus of Commercial Services (BCS) and Construction Codes (BCC) within the Department of Licensing and Regulatory Affairs (LARA). The State Budget Office (SBO) estimates that the total revenue maintained by the elimination or extension of fee sunsets in these Senate Bills would be **\$8.3 million** over relevant license renewal cycles. This revenue is not an increase over FY 2011-12.

Rather, the Senate Bills would maintain the current level of revenue through September 30, 2015. The SBO and Legislature assumed the collection of this revenue in the drafting of the FY 2012-13 Executive Recommendation and the annual appropriation act for LARA.

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