



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536


 BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 1258 (Substitute S-1)
Senate Bills 1259 (Substitute S-1)
Sponsor: Senator Mark C. Jansen
Committee: Appropriations

Date Completed: 9-18-12

CONTENT

The bills would extend for three years certain fee sunsets for licensing and regulatory fees collected by the Department of Licensing and Regulatory Affairs (LARA). Under current law, these fees will be reduced by varying amounts on October 1, 2012. The fiscal year 2012-13 LARA budget was passed using fee revenue that was anticipated to be generated by the extension or elimination of these sunsets. Details for each of the fees are in the sections below.

Senate Bill 1258 (S-1)

The bill would extend for three years the fee sunsets as established by the Uniform Securities Act for the following fees:

Fee	Current Fee Level (pre-sunset)	Fee Level After 9-30-12 (post-sunset)	Revenue Generated by Elimination of Sunset
Securities broker/dealer annual registration fee	\$300	\$250	\$100,200
Securities annual registration and/or change fee	\$65	\$30	\$5,125,000
Securities investment advisor annual registration fee	\$200	\$150	\$30,000
Securities investment advisor representative annual registration and/or change fee	\$65	\$30	\$359,400
Securities federal covered investment advisor annual notice fee	\$200	\$150	\$188,700
TOTAL – SB 1258	---	---	\$5,803,300

Senate Bill 1259 (S-1)

The bill would extend for three years fee sunsets as established by the State License Fee Act for the following fees:

Fee	Current Fee Level (pre-sunset)	Fee Level After 9-30-12 (post-sunset)	Revenue Generated by Elimination of Sunset
Professional engineer application processing fee	\$35	\$30	\$465,800
Professional engineer annual license fee	\$40	\$20	
Land surveyor application processing fee	\$35	\$30	\$24,500
Student barber, barber, student instructor, barber instructor application processing fee	\$20	\$15	\$284,300
Barbershop application processing fee	\$50	\$40	
Barber college application processing fee	\$75	\$50	
Student barber, barber, student instructor annual license fee	\$30	\$15	
Barber instructor annual license fee	\$40	\$25	
Barbershop annual license fee	\$40	\$30	
Demonstrator's or demonstration temporary permit	\$15	\$10	
Collection agency manager license	\$35	\$25	\$10,500
Community planner application processing fee	\$35	\$30	\$1,200
Cosmetologist application processing fee	\$15	\$10	\$1,555,700
Cosmetologist annual license	\$24	\$12	
Cosmetologist student registration	\$15	\$5	
Employment or consulting agency annual license	\$40	\$30	\$2,200
Forester annual registration	\$40	\$25	\$300
Hearing aid dealer trainee annual license	\$40	\$20	\$7,000
Real estate brokers and associate brokers application processing fee	\$35	\$20	\$41,000
Real estate branch office annual license	\$20	\$10	
Certified general or residential, licensed, or limited real estate appraiser application processing fee	\$35	\$25	\$20,700

Mortuary science or funeral director annual license	\$40	\$30	\$104,300
Funeral resident trainee annual license	\$30	\$15	
Ocularist application processing	\$35	\$15	\$200
Ocularist annual registration	\$40	\$20	
Ocularist apprentice annual registration	\$20	\$10	
TOTAL – SB 1259			\$2,517,700

The bill also would establish the "Licensing and Regulation Fund" in the Department of Treasury. All revenue from the fees in the previous table would be deposited to that Fund for use in offsetting the costs of the Department of Licensing and Regulatory Affairs. Currently, these fees are deposited in the General Fund, but are used to offset LARA's costs.

Finally, the bill would modify sections that allow LARA to charge fees for examinations, and require an annual report on the fees charged by each third-party exam administrator for each examination. Additionally, the bill would specify that certain exam fees only apply if LARA accepts the exam administrator with the lowest exam fee.

MCL 451.2410 (S.B. 1258)
338.2202 et al. (S.B. 1259)

FISCAL IMPACT

The bills would have a significant and positive fiscal impact on the Department of Licensing and Regulatory Affairs. In total, the bills would prevent the loss of approximately \$8,321,000 due to statutory reductions in fees that otherwise will go into effect on October 1, 2012. The fiscal year 2012-13 LARA budget included revenue from these fees at levels consistent with that received in previous fiscal years; that is, the budget was passed assuming the sunsets on these fees would be delayed or eliminated.

Fiscal Analyst: Josh Sefton

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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.