



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 671 (as reported without amendment)
Sponsor: Senator John Moolenaar
Committee: Veterans, Military Affairs and Homeland Security

CONTENT

The bill would amend the State License Fee Act to require the Department of Licensing and Regulatory Affairs (LARA) to waive the fee for an initial license or initial registration that was otherwise required under the Act, or an application processing fee charged for an initial license or initial registration, if the applicant had served in the armed forces and provided LARA with a form that demonstrated to LARA's satisfaction that the applicant was separated from that service with an honorable character of service or under honorable conditions (general) character of service.

Proposed MCL 338.2204

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a minor negative fiscal impact on the Department of Licensing and Regulatory Affairs and no fiscal impact on local units of government. The table below provides a list of the occupations subject to license fees under the Act and approximately how much fee revenue was generated by them in fiscal year (FY) 2011-12. Some of these licenses are on a biennial or triennial renewal basis, which creates asymmetric revenue for these fees from year-to-year.

Fee Revenue Collected Under the
State License Fee Act in FY 2011-12

Profession	Revenue
Accountancy	\$2,371,872
Appraisers, Real Estate	425,085
Architects	218,260
Auctioneer Registration Program	7,440
Barbers	123,391
Builders, Residential	689,875
Collection Agencies	138,675
Community Planners	3,550
Cosmetology	2,982,599
Engineers, Professional	908,893
Foresters	16,500
Funeral Directors (Mortuary Science)	127,050
Hearing Aid Dealers	51,350
Landscape Architects	71,160
Ocularists	560
Personnel Agencies	5,250
Real Estate Brokers and Salespersons	1,344,230
Surveyors, Professional	57,355
TOTAL	\$9,543,095

Source: Department of Licensing and Regulatory Affairs

Since the bill would waive the fees for veterans only for their initial license, it is difficult to determine how much revenue LARA would lose each year. According to the U.S. Department of Veterans Affairs, there are approximately 680,000 veterans living in Michigan, representing approximately 6.9% of the State's population. If it is assumed that a veteran will enter a 30-year career after discharge from the military, then it would seem reasonable to assume that 1/30th of the revenue from each veteran's career-long license fee payments would be lost under the bill. Multiplying the amount of revenue generated annually by 1/30th and then by 6.9% yields a loss of revenue each year of about \$22,000. This figure would increase if the average career length is actually shorter than the assumed 30 years and would decrease if it is longer. The figure also would increase if the percentage of veterans in the workforce is actually greater than their percentage of the population in general.

Date Completed: 11-13-13

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.