

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4358-01
Bill No.: HB 1553
Subject: Contracts and Contractors; Licenses - Professional
Type: Original
Date: February 21, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Missouri Explosives Safety Act Administration	(\$11,365)	(\$41,175)	(\$45,428)
Total Estimated Net Effect on Other State Funds	(\$11,365)	(\$41,175)	(\$45,428)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Public Safety (DPS) - Director's Office, Missouri Department of Transportation, Department of Labor and Industrial Relations, and Office of State Treasurer** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services** assume the proposal will not result in significant costs to county prosecutors.

Officials from the **DPS - Division of Fire Safety (FS)** state information was received from the Missouri Limestone Producers indicating there were approximately 300 individuals in the state who would seek licensure at \$100 for the initial registration fee. These individuals would be required to take an exam at a maximum of \$50, and then re-certify every three years at a maximum fee of \$100. It is estimated that in the first year, this process would generate \$45,000.

Additionally, it is estimated there are 204 blasting companies in Missouri who would be required to pay a \$100 initial registration and an annual minimum of \$250. This would generate \$20,400 for registrations and approximately \$51,000 annually to the fund. An average of 60,481 tons of explosives for blasting are used annually. Of the 204 blasting companies, DPS-FS estimates 60 companies shoot less than 51 tons, and therefore, would pay just the \$250 annually. The DPS-FS

ASSUMPTION (continued)

estimates 95 companies would be charged \$2.50 per ton and shoot an average of 150 tons for a total of \$35,625 annually. The DPS-FS further estimates 49 companies would be charged \$1.00 per ton, shoot an average of 350 tones, or approximately \$17,150 annually. Cumulatively, the fees for the use of explosives would generate approximately \$124,175 annually. Total revenues to the new Missouri Explosives Safety Act Administration Fund in the first full year of implementation would be approximately \$169,175 (\$124,175 + \$45,000 registration fees).

In order to implement and administer this program as intended by the proposed legislation, the DPS-FS would need the following additional personnel: Two (2) FTE Blast Safety Inspectors and one (1) FTE Accountant I. Associated expense and equipment costs, including 2 vehicles, would also be needed for these positions. The DPS-FS estimates personal service and equipment and expense costs of \$180,540 for FY 07; \$165,350 for FY 08; and \$169,603 for FY 09.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal to the SOS for administrative rules is less than \$1,500. The SOS does not expect additional funding would be required to meet these costs. However, the SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Corrections (DOC)** state it cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitment depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of State Public Defender** did not respond to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
MISSOURI EXPLOSIVES SAFETY ACT ADMINISTRATION FUND			
<u>Income - Department of Public Safety</u>			
Registration, testing and usage fees	\$169,175	\$124,175	\$124,175
<u>Costs - Department of Public Safety</u>			
Personal service costs (3 FTE)	(\$79,947)	(\$98,334)	(\$100,793)
Fringe benefits	(\$35,225)	(\$43,326)	(\$44,409)
Equipment and expense	(\$65,368)	(\$23,690)	(\$24,401)
Total <u>Costs</u> - Department of Public Safety	<u>(\$180,540)</u>	<u>(\$165,350)</u>	<u>(\$169,603)</u>
ESTIMATED NET EFFECT ON MISSOURI EXPLOSIVES SAFETY ACT ADMINISTRATION FUND	<u>(\$11,365)</u>	<u>(\$41,175)</u>	<u>(\$45,428)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small explosives or blasting businesses would be fiscally impacted as a result of this proposal.

DESCRIPTION

This proposal establishes the Missouri Blasting Safety Act. The proposal: (1) Requires any person using explosives in this state to obtain a license from the Division of Fire Safety within the Department of Public Safety; (2) Establishes certain criteria to be met by applicants prior to the issuance of a license; (3) Authorizes the division to suspend, revoke, or deny licenses but provides for an appeal process through the State Blasting Safety Board which is established; (4) Requires a person whose license has expired for more than three years to take the licensing exam and complete the continuing education requirements prior to being reissued a license; (5) Allows for license reciprocity and provides for certain licensing exemptions; (6) Authorizes the division to adopt rules creating a standardized qualification examination, continuing education requirements, and a fee structure; (7) Specifies requirements for blasting activity, including the

DESCRIPTION (continued)

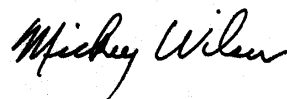
use of a seismograph recording; (8) Requires all persons using explosives in this state to register with the State Fire Marshal within 60 days of the effective date of the proposal, pay a fee, and file an annual report stating their blasting activities from the previous year; (9) Creates within the state treasury the Missouri Explosives Safety Act Administration Fund to be expended by the State Fire Marshal for administration and enforcement costs; and (10) Requires any person using explosives in this state to notify the division at least two business days in advance before blasting at a new site.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Labor and Industrial Relations
Department of Corrections
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Division of Fire Safety
Office of Prosecution Services
Office of Secretary of State
Office of State Treasurer

NOT RESPONDING: Office of State Public Defender



Mickey Wilson, CPA
Director

L.R. No. 4358-01
Bill No. HB 1553
Page 6 of 6
February 21, 2006

February 21, 2006

HW-C:LR:OD (12/02)