

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1299H.011
Bill No.: HB 471
Subject: Professional Registration and Licensing; Contracts and Contractors; Business and
Commerce; Construction and Building Codes
Type: Original
Date: January 21, 2021

Bill Summary: This proposal establishes provisions relating to registration certificates for roofing contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Professional Registration Fees (0689)	(\$203,387)	\$0	\$0
Roofing Contractor Registration Fund	\$0	\$7,797	\$114,700
Total Estimated Net Effect on <u>Other</u> State Funds	(\$203,387)	\$7,797	\$114,700

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Professional Registration Fees (0689)	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 324.1200 - 324.1234 - Roofing Contractors

Officials from the **Department of Commerce and Insurance (DCI)** assume the following:

Revenue:

1,374	Estimated Licensees
\$150	Initial License Fee
\$225	Renewal License Fee
Annual	Renewal Cycle

- In the current language of this proposed legislation, an individual will register with the department.
- Projected revenue reflects fees collected for all categories of licensure
- A 3% growth rate has been estimated (41 additional licensees each year)
- It is estimated that the collection of initial license fees will begin in FY 2022 and renewal fees will not be collected until FY 2024
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly

Oversight assumes all fees collected will be deposited into the State Roofing Contractors Fund and all expenses would be paid out of that fund. Oversight also assumes no revenue will be generated by the Roofing Contractor Registration Fund in the first year.

In summary, **DCI** assumes revenue of \$206,100 ($\$150 \times 1,374$ licenses) in FY 2023 and \$315,300 ($(\$225 \times 1,374$ licenses) + $(\$150 \times 41$ licenses)) in FY 2024 as a result of this proposal

Staffing:

DCI further states the following board-specific expenses are being calculated to determine the additional appropriation needed by the division to support the board and to assist in calculating the anticipated license and renewal fees.

1 - Principal Assistant at \$67,000 annually needed to serve as the senior executive officer of the registration agency.

1 – Customer Service Representative at \$30,089 annually needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

Complaints and Investigations:

DCI states the enforcement of complaints and investigations falls under the Attorney General's Office.

In summary, DCI assumes a cost of \$203,387 in FY 2021, \$198,303 in FY 2022 and \$200,600 in FY 2023 to provide for the implementation of the changes in this proposal.

Officials from the **Attorney General's Office**, the **Office of the State Public Defender**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Treasurer**, the **Office of Prosecution Services**, the **Office of the State Courts Administrator** and the **Office of Administration - Administrative Hearing Commission** each assume the proposal will not impact their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
ROOFING CONTRACTOR REGISTRATION FUND			
<u>Income - Licensing Fees</u>	\$0	\$206,100	\$315,300
<u>Transfer Out - To Professional Registration Fees Fund</u>	\$0	(\$198,303)	(\$200,600)
ESTIMATED NET EFFECT ON ROOFING CONTRACTOR REGISTRATION FUND	<u>\$0</u>	<u>\$7,797</u>	<u>\$114,700</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal could impact small business roofing companies by requiring roofing contractors to obtain a registration certificate in order to engage in the business of a roofing contractor.

FISCAL DESCRIPTION

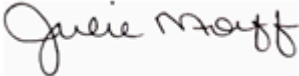
This bill requires roofing contractors to obtain a registration certificate in order to engage in the business of a roofing contractor, subject to a civil penalty. A roofing contractor cannot bring any claim, action, suit, or proceeding related to his or her roofing contractor business if he or she does not have a registration certificate. Roofing contractors must ensure that any independent contractors have a registration certificate, subject to having their own registration certificate revoked. However, a person working under the direct supervision of a roofing contractor as an employee, day laborer, or contract laborer is not required to be certified. An applicant for a

roofing contractor registration certificate must: (1) Be at least 18 years of age; (2) Submit their personal information; (3) Submit a copy of liability insurance with coverage of at least \$500,000; (4) Submit proof of workers' compensation coverage; and (5) Submit any other information necessary to the Division of Professional Registration within the Department of Commerce and Insurance. An application fee cost is \$150. An application will be denied if the applicant has a revoked or suspended license for roofing contractors in another state or if the applicant has not paid his or her income taxes. A conviction will not automatically disqualify a person from registration as a roofing contractor, and the Division may conduct a criminal history records search. A roofing contractor has to maintain liability insurance; maintain Workers' Compensation coverage; maintain active status as a corporation, limited liability company, limited liability partnership, or limited partnership certificate of authority; maintain the roofing contractor registration certificate; notify the Division of any act or omission; maintain registration if required in another state; file and pay all taxes due. The roofing contractor registration certificate can be renewed each year, with a 30-day grace period. The bill prohibits a roofing contractor from: (1) Abandoning a roofing contract without legal grounds after money has been paid; (2) Diverting any funds entrusted to a roofing contractor; (3) Engaging in fraudulent or deceptive practices; (4) Making false or misleading statements; (5) Violating a court judgment; (6) Engaging in work without a roofing contractor registration certificate; (7) Engaging in work without a required permit; (8) Failing to comply with tax laws; (9) Damaging or injuring a person or property for which the liability insurance coverage is inadequate; or (10) Failing to comply with the registration requirements. The bill allows complaints to be filed with the Attorney General's office. A nonresident of the state may apply for a Missouri Roofing Contractor Registration Certificate. Roofing contractors must supply their registration number in order to receive a permit and must display their registration number on each commercial vehicle, business sign, card, correspondence, and contract. Violations of the provisions of the bill will be deemed a deceptive and unconscionable practice under the Merchandising Practices Act. The bill establishes a "Roofing Contractor Registration Fund" for the registration of roofing contractors. The provisions of the bill do not apply to: (1) The owner of property who physically performs roofing services on his or her own dwelling; (2) Any authorized employee of the federal, state, or local government; (3) Any person who supplies merchandise to be attached to a property; (4) Any person employed by a manufactured home manufacturer; (5) Any person employed by a manufactured home dealer; (6) Any person employed as a manufactured home installer; (7) Any person who provides roofing services that in a fiscal year is less than \$2,000, unless the person advertises that he or she is a roofing contractor. Violation of the provisions of the bill is a class D misdemeanor. A second conviction within 10 years is a class B misdemeanor.

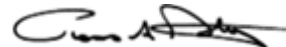
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration - Administrative Hearing Commission
Department of Commerce and Insurance
Department of Public Safety - Missouri Highway Patrol
Office of the State Public Defender
Office of the State Treasurer
Missouri Office of Prosecution Services
Office of the State Courts Administrator



Julie Morff
Director
January 21, 2021



Ross Strope
Assistant Director
January 21, 2021