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BILL ANALYSIS

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Senate Bills 1230 and 1231 (as enrolled)

PUBLIC ACTS 263 & 264 of 2004

Sponsor: Senator Laura M. Toy

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Commerce

Date Completed: 2-8-05

CONTENT

Senate Bill 1230 amended the State License Fee Act to make an exception to the requirement that a fee collected by the Department of Labor and Economic Growth (DLEG) not be refunded.

Senate Bill 1231 amended the Occupational Code to require DLEG to do the following:

- Issue licenses and registrations within 90 days after an applicant submits a completed application.
- Within 30 days after receiving an incomplete application, notify the applicant of the deficiency and request additional information.
- Refund the application fee and reduce the applicant's next renewal application, if any, by 15%, if the Department misses the 90-day deadline.
- Submit to the Legislature an annual report regarding license and registration applications, processing times, and refunds.
- Process a request for a license or approval for a school or person providing occupational training, within 90 days after the submission of a completed application.

Senate Bill 1230 was tie-barred to Senate Bill 1231. Both bills took effect on July 23, 2004.

Senate Bill 1230

The State License Fee Act provides that a fee collected by DLEG, when paid pursuant

to the Act, may not be refunded (except under rules promulgated by the Department). Under the bill, this applies except as provided in Section 411 of the Occupational Code. (That section, as amended by Senate Bill 1231, requires DLEG to refund a fee if it does not issue or deny a license or registration within the time required.)

Senate Bill 1231

License or Registration Issuance

The bill requires DLEG to issue an initial or renewal license or registration within 90 days after the applicant files a completed application. The bill provides that receipt of the application is considered the date the application is received by any agency or department of the State. If DLEG considers the application incomplete, it must notify the applicant in writing, or make information electronically available, within 30 days after receiving the incomplete application. The notice must describe the deficiency and request the additional information. The 90-day period will be tolled (suspended) upon notification by DLEG until the date it receives the requested information.

In the case of a real estate broker or associate broker, the time period for approval of a completed application is 30 days, and the time period for notification of a deficiency is 15 days.

The bill specifies that the determination of the completeness of an application does not operate as an approval of the application for

the license or registration, and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license or registration.

The bill defines "completed application" as an application complete on its face and submitted with any applicable licensing or registration fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a Federal agency, or a private entity, but not from another department or agency of this State.

The deadlines for notification and approval do not apply to licenses or registrations for the following individuals: an interior designer; a certified public accountant or registered accountant; a professional boxer or other person involved in boxing match; an agency nonowner manager of a collection agency; a barber, student barber, or barber instructor; an employment and consulting agent of a personnel agency; a cosmetologist, manicurist, hair curlist, esthetician, or electrologist; a hearing aid salesperson or trainee; a mortuary science licensee or embalmer; an individual architect, surveyor, or engineer; a forester; a landscape architect; a community planner; an individual residential builder and alteration and maintenance contractor or salesperson for a contractor; a real estate salesperson or appraiser; or an ocularist or ocularist apprentice.

Fee Refund; Reduction

Under the bill, if DLEG fails to issue or deny a license or registration within the time required, the Department must return the license or registration fee and reduce the fee for the applicant's next renewal application, if any, by 15%.

The bill specifies that failure to issue or deny a license or registration within the time required does not allow DLEG otherwise to delay the processing of the application, and the application, upon completion, must be placed in sequence with other completed applications received at the same time.

The Department may not discriminate against an applicant in the processing of an application based upon the fact that the license or registration fee was refunded or discounted under these provisions.

Annual Report

The bill requires the DLEG Director by December 1 each year, beginning in 2005, to submit a report to the standing committees and Appropriations subcommittees of the Senate and the House of Representatives concerned with occupational issues. The Director must include all of the following information in the report concerning the preceding fiscal year:

- The number of initial and renewal applications DLEG received and completed within the 90-day period (and within the 30-day period for real estate brokers).
- The number of applications denied.
- The number of applicants not issued a license or registration within the applicable time period, and the amount of money returned.

Occupational Training

The Occupational Code authorizes DLEG, if provided in an article of the Code, to issue a license, or grant approval, to a school, institution, or other person offering training or education in an occupation. Under the bill, DLEG must process a request under this provision within 90 days after the submission of a completed application (as described above).

The Code requires a board to make a recommendation on the licensure or approval of the school, institution, or other person, within 90 days after DLEG requests that recommendation. Under the bill, the 90-day period for DLEG to process a request includes the 90-day period regarding board approval.

MCL 338.2205 (S.B. 1230)
339.207 et al. (S.B. 1231)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

According to the Department, the total amount of fees collected in FY 2001-02 for licensing occupations was \$8.9 million. In FY 2002-03, the Department renewed 182,000 licenses and processed 26,000 applications. The amount of revenue that will be lost as a result of refunded and discounted fees is indeterminate and will

depend on the particular occupations and the number of times DLEG misses the deadline.

Senate Bill 1231 also requires a report that will include new or additional information not previously collected. The database adjustment required to accommodate this requirement and the ability to flag those licensees and registrants eligible for the 15% reduction might increase information technology costs.

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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.