

Legislative Analysis



PLUMBING LICENSING FEES

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House Bill 4843 (Substitute H-5)

Sponsor: Rep. Kathleen Law

Committee: Appropriations

Complete to 12-5-08

A SUMMARY OF HOUSE BILL 4843 AS PASSED BY THE HOUSE 12-4-08

House Bill 4843 (H-5) would amend the State Plumbing Act, 2002 PA 733 (MCL 338.3541 and 338.3545), to increase license and registration fees under the act as shown in the chart below.

License	Current Law	HB 4843	Last Fee Revision
Journey Plumber License			
- Initial License Fee	\$20.00	\$40.00	New with 1989 PA 206
- Renewal License Fee (annually)	\$20.00	\$40.00	Increased from \$15 with 1989 PA 206
- Reinstatement Fee	\$25.00	\$50.00	New with 2002 PA 733
- Examination Fee	\$50.00	\$100.00	Increased from \$25 with 2002 PA 733
Apprentice Plumber Registration			
- Initial Registration Fee	\$5.00	\$15.00	New with 2002 PA 733
- Renewal Registration Fee (annually)	\$5.00	\$15.00	New with 2002 PA 733
- Reinstatement Fee	\$10.00	\$20.00	New with 2002 PA 733
Master Plumber License			
- Initial License Fee	\$200.00	\$300.00	Decreased from \$75/yr with 1997 PA 120.
- Renewal License Fee (triennially)	\$200.00	\$300.00	Decreased from \$75/yr with 1997 PA 120.
- Reinstatement Fee	\$85.00	\$100.00	New with 2002 PA 733
- Examination Fee	\$50.00	\$100.00	Increased from \$35 with 1982 PA 429
Plumbing Contractor			
- Initial License Fee	\$200.00	\$300.00	New with 2002 PA 733
- Renewal License Fee (triennially)	\$200.00	\$300.00	New with 2002 PA 733
- Reinstatement Fee	\$85.00	\$100.00	New with 2002 PA 733
- Examination Fee	\$50.00	\$100.00	New with 2002 PA 733
Duplicate License/Registration	\$20.00	\$30.00	

Note: Under Section 23 of the State Plumbing Act, MCL 338.3533, a master plumber who is also a plumbing contractor is only required to pay the plumbing contractor fees.

The bill further provides that the fees would be subject to periodic adjustment (increase or decrease) by the Department of Labor and Economic Growth, based on annual percentage changes in the salaries and wages of the department's classified workforce. Each year, the department would calculate that percentage increase and multiply that amount by the amount of each fee established in the bill. If the cumulative amount calculated equates to an increase of at least 10% for the fee assessed since the most recent fee increase, the fee would increase by that amount. If the cumulative amount is less than 10% the fee would not increase. For example, if the classified salaries and wages increase by 2% for five consecutive years, the cumulative increase in salaries and wages after five years would be 10.0%. (This cumulative amount is just a straight summation of the percentage increases, rather than compounding the increases. For example, if increases were compounded, the cumulative increase after the fifth year would be 10.4%) The fees under the bill would increase by 10.0% in that fifth year. In prior years, there would be not a fee increase. The chart below provides an example for a journey plumber license fee (\$40):

	S&W Increase	Cumulative Increase	Fee x Cumulative Increase	Actual Fee
Year 1	2.0%	2.0%	\$40.80	\$40.00
Year 2	2.0%	4.0%	\$41.60	\$40.00
Year 3	2.0%	6.0%	\$42.40	\$40.00
Year 4	2.0%	8.0%	\$43.20	\$40.00
Year 5	2.0%	10.0%	\$44.00	\$44.00

The bill provides that the department would have to notify the State Budget Office, the Legislature, and the legislative fiscal agencies of the fee schedule under the act, the amounts amount calculated, and the amount of the fee increase, if any. The legislature would have 90 days to adopt a resolution rejecting the fee increase.

FISCAL IMPACT:

The bill would increase Construction Code Fund revenue by approximately \$180,700 in Fiscal Year 2008-09 and by \$726,400 in Fiscal Year 2009-10.

Fiscal Analyst: Mark Wolf

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