

# Legislative Analysis



## ELIMINATE LARA FEE SUNSETS

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**House Bills: 5818, 5819, 5820, 5821, 5822, 5823, 5824, & 5825**

**Sponsor: Rep. Pscholka**

**Committee: Appropriation**

**Complete to September 5, 2012**

## A SUMMARY OF HOUSE BILLS 5818 THROUGH 5825 AS INTRODUCED ON AUGUST 15, 2012

House Bills 5818 through 5825 amend various public acts to maintain FY 2011-12 fee amounts by extending past fee increases which would otherwise expire (a.k.a. "sunset") on September 30th, 2012. The State Budget Office (SBO) assumed the elimination of these fee sunsets in the creation of the FY 2012-13 Executive Budget Recommendation as did the Legislature in the drafting of the annual appropriation act for the Department of Licensing and Regulatory Affairs (LARA). The fee sunsets affected by each bill and the estimated revenue assumed in the FY 2012-13 LARA budget based on fee sunsets being eliminated, thus maintaining the FY 2011-12 fee amounts, is summarized below.

HB 5818 eliminates certain fee sunsets established by the Uniform Securities Act (2002 PA 551), specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Securities broker/dealer annual registration fee	\$250.00	\$300.00	\$100,200
Securities agent annual registration and/or change fee	\$30.00	\$65.00	\$5,125,000
Securities investment advisor annual registration fee	\$150.00	\$200.00	\$30,000
Securities investment advisor representative annual registration and/or change fee	\$30.00	\$65.00	\$359,400
Securities federal covered investment advisor annual notice fee	\$150.00	\$200.00	\$188,700

HB 5819 eliminates certain fee sunsets established by the Nonprofit Corporation Act (1982 PA 162), specifically:

<b>Fee</b>	<b>Amount under Current Law for FY 2012-13 (if Sunsets are Retained)</b>	<b>Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)</b>	<b>SBO Estimated Revenue (if Sunsets are Eliminated)</b>
Non-profit corporation annual report filing	\$10.00	\$20.00	\$506,100

HB 5820 eliminates certain fee sunsets established by the Michigan Limited Liability Company Act (1993 PA 23), specifically:

<b>Fee</b>	<b>Amount under Current Law for FY 2012-13 (if Sunsets are Retained)</b>	<b>Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)</b>	<b>SBO Estimated Revenue (if Sunsets are Eliminated)</b>
LLC annual statement of resident agent	\$15.00	\$25.00	\$3,340,000

HB 5821 eliminates certain fee sunsets established by the State Plumbing Act (2002 PA 733), specifically:

<b>Fee</b>	<b>Amount under Current Law for FY 2012-13 (if Sunsets are Retained)</b>	<b>Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)</b>	<b>SBO Estimated Revenue (if Sunsets are Eliminated)</b>
Journey plumber annual license	\$20.00	\$40.00	\$99,500
Journey plumber license reinstatement	\$25.00	\$50.00	
Apprentice plumber annual license	\$5.00	\$15.00	\$21,000
Apprentice plumber license reinstatement	\$10.00	\$20.00	
Journey or master plumber, or plumbing contractor exam fee	\$50.00	\$100.00	\$39,500
Master plumber or plumbing contractor annual license	\$200.00	\$300.00	\$494,700
Replacement of lost/destroyed plumbing license	\$20.00	\$30.00	
Master plumber or plumbing contractor license reinstatement	\$85.00	\$100.00	

HB 5822 eliminates certain fee sunsets established by the Forbes Mechanical Contractors Act (1984 PA 192), specifically:

<b>Fee</b>	<b>Amount under Current Law for FY 2012-13 (if Sunsets are Retained)</b>	<b>Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)</b>	<b>SBO Estimated Revenue (if Sunsets are Eliminated)</b>
Mechanical contractor exam fee	\$25.00	\$100.00	\$43,900
Mechanical contractor annual license	\$75.00	\$100.00	\$703,800

HB 5823 eliminates certain fee sunsets established by the Electrical Administrative Act (1956 PA 217), specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Electrician exam fee	\$25.00	\$100.00	\$112,500
Master electrician annual license	\$25.00	\$50.00	\$278,000
Electrical journeyman annual license	\$20.00	\$40.00	\$279,500
Apprentice electrician and specialty apprentice electrician annual license/registration	\$5.00	\$15.00	\$35,000
Fire alarm specialty technician annual license	\$25.00	\$50.00	\$17,000
Fire alarm specialty apprentice technician annual license	\$5.00	\$15.00	
Sign specialist annual license	\$20.00	\$40.00	\$7,500
Electrical, fire alarm, and sign specialty contractor annual license	\$100.00	\$200.00	\$609,100

HB 5824 eliminates certain fee sunsets established by the Building Officials and Inspectors Registration Act (1986 PA 54), specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Building official/inspector annual registration	\$10.00	\$25.00	\$2,300

Additionally, HB 5824 retains the current law permitting LARA to establish educational and examination fees at an amount which bears a reasonable relation to the cost of conduction educational and examination programs.

HB 5825 eliminates certain fee sunsets established by the State License Fee Act (1979 PA 152), specifically:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Professional engineer application processing fee	\$30.00	\$35.00	\$465,800
Professional engineer annual license	\$20.00	\$40.00	
Land surveyor application processing	\$30.00	\$35.00	\$24,500

Student barber, barber, student instructor, barber instructor application processing fee	\$15.00	\$20.00	\$284,300
Barbershop application processing fee	\$40.00	\$50.00	
Barber college application processing fee	\$50.00	\$75.00	
Student barber, barber, student instructor annual license fee	\$15.00	\$30.00	
Barber instructor annual license fee	\$25.00	\$40.00	
Barbershop annual license fee	\$30.00	\$40.00	
Demonstrator's or demonstration temporary permit	\$10.00	\$15.00	\$10,500
Collection agency manager license	\$25.00	\$35.00	
Community planner application processing fee	\$30.00	\$35.00	\$1,200
Cosmetologist application processing fee	\$10.00	\$15.00	\$1,555,700
Cosmetologist annual license	\$12.00	\$24.00	
Cosmetologist student registration	\$5.00	\$15.00	
Employment or consulting agent annual license	\$30.00	\$40.00	\$2,200
Forester annual registration	\$25.00	\$40.00	\$300
Hearing aid dealer trainee annual license	\$20.00	\$40.00	\$7,000
Real estate brokers and associate brokers application processing fee	\$20.00	\$35.00	\$41,000
Real estate branch office annual license	\$10.00	\$20.00	
Certified general or residential, licensed, or limited real estate appraiser application processing fee	\$25.00	\$35.00	\$20,700
Mortuary science or funeral director annual license	\$30.00	\$40.00	\$104,300
Funeral resident trainee annual license	\$15.00	\$30.00	
Ocularist application processing	\$15.00	\$35.00	\$200
Ocularist annual registration	\$20.00	\$40.00	
Ocularist apprentice annual registration	\$10.00	\$20.00	

HB 5825 also formally creates the Licensing and Regulation Fund under the State License Fee Act and stipulates that the money in the Fund at the close of the fiscal year would not lapse into the General Fund. Currently, Section 320 of 2012 PA 200, as well as previous appropriation acts, stipulates that revenue collected by the Bureau of Commercial Services from licensing and regulation fees may be carried forward into subsequent years. House Bill 5825 would enshrine the substance of this boilerplate section into the State License Fee Act. However, HB 5825 stipulates that money in the Fund would be used to offset the costs of operating the Department, that language is not included in Section 320.

Additionally, HB 5825 amends the language pertaining to the examination of applicants for various professional licenses. Currently, LARA does not actually administer any of the required pre-licensure examinations but contracts with third-party providers (e.g. national professional associations or private testing companies) with examination fees paid directly to the third-party providers by applicants. The examination fees are in excess of the fee amounts stipulated under the State License Fee Act for six of the twelve licensure exams administered by third-party providers. HB 5825 adds language which would enshrine the current practice of contracting the administration of licensure examinations to third-party providers and stipulates that the examination fees in the State License Fee Act are applicable only in LARA administers its own examinations.

#### **FISCAL IMPACT:**

House Bills 5818 through 5825 would have a significant positive fiscal impact on the Bureaus of Commercial Services (BCS) and Construction Codes (BCC) within the Department of Licensing and Regulatory Affairs (LARA). The State Budget Office (SBO) estimates that the total revenue maintained by the elimination of fee sunsets in House Bills 5290 (H-1) and 5818 through 5825 would be **\$14,910,400** in FY 2012-13. The SBO and Legislature assumed the collection of this revenue in the drafting of the FY 2012-13 Executive Recommendation and the annual appropriation act for LARA.

One last note, House Bills 5818 through 5825 *do not* eliminate the sunset on business corporation annual report filing fees established by the Business Corporation Act (1972 PA 284). The FY 2012-13 Executive Recommendation incorporated the elimination of this fee sunset and the estimated revenue resulting from the elimination of this fee sunset (\$1,320,000) was assumed in the drafting of the LARA appropriation act. Separate legislative action is required to achieve the following:

Fee	Amount under Current Law for FY 2012-13 (if Sunsets are Retained)	Amount if Sunsets are Eliminated (Existing FY 2011-12 Amounts)	SBO Estimated Revenue (if Sunsets are Eliminated)
Business corporation annual report filing	\$15.00	\$25.00	\$1,320,000

Fiscal Analyst: Paul Holland

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.