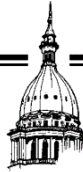




Senate Fiscal Agency  
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BILL



ANALYSIS

Telephone: (517) 373-5383  
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House Bills 5819 (H-1) through 5824 (H-2) and 5893 (H-1) (as passed by the House)  
Sponsor: Representative Al Pscholka  
House Committee: Appropriations  
Senate Committee: Appropriations

Date Completed: 9-19-12

### **CONTENT**

**The bills would delay for three years certain sunset dates for licensing and regulatory fees collected by the Department of Licensing and Regulatory Affairs (LARA). Under current law, these fees will be reduced by varying amounts on October 1, 2012. The fiscal year 2012-13 LARA budget was passed using fee revenue that was anticipated to be generated by the delay or elimination of these sunsets. The bills also would exempt the following from paying any fees under any of the sections amended by the bills:**

- Honorably discharged veterans**
- Nonprofit corporations organized on a membership or directorship basis where a majority of members or directors are honorably discharged veterans**
- Persons that are not individuals or nonprofit corporations where the majority of shares are owned by one or more veterans.**

Details for each of the fees are in the sections below; the fee revenue estimates provided in end section do not take in account fee revenue lost by exempting veterans.

#### **House Bill 5819 (H-1)**

The bill would delay for three years the fee sunset for nonprofit corporation annual report filing as established by the Nonprofit Corporation Act. The fee is currently \$20, and under current law will be reduced to \$10 on October 1, 2012. Extension of the fee would prevent this reduction and generate approximately \$506,100 annually.

#### **House Bill 5820 (H-1)**

The bill would delay for three years the fee sunset for limited liability corporation annual statements of resident agents as established by the Michigan Limited Liability Company Act. The fee is currently \$30, and under current law will be reduced to \$15 on October 1, 2012. Extension of the fee would prevent this reduction and generate approximately \$3,340,000 annually.

### **House Bill 5821 (H-1)**

The bill would delay for three years the sunsets as established by the State Plumbing Act for the following fees:

Fee	Current Fee Level (pre-sunset)	Fee Level After 9-30-12 (post-sunset)	Revenue Generated by Delay of Sunset
Journey plumber annual license	\$40	\$20	\$99,500
Journey plumber license reinstatement	\$50	\$25	
Apprentice plumber annual license	\$15	\$5	\$21,000
Apprentice plumber license reinstatement	\$20	\$10	
Journey or master plumber, or plumbing contractor exam fee	\$100	\$50	\$39,500
Master plumber or plumbing contractor annual license	\$300	\$200	\$494,700
Replacement of lost/destroyed plumbing license	\$30	\$20	
Master plumber or plumbing contractor license reinstatement	\$100	\$85	
<b>TOTAL – HB 5821</b>	<b>---</b>	<b>---</b>	<b>\$654,700</b>

### **House Bill 5822 (H-1)**

The bill would delay for three years the sunsets as established by the Forbes Mechanical Contractors Act for the following fees:

Fee	Current Fee Level (pre-sunset)	Fee Level After 9-30-12 (post-sunset)	Revenue Generated by Delay of Sunset
Mechanical contractor exam fee	\$100	\$25	\$43,900
Mechanical contractor annual license	\$100	\$75	\$703,800
<b>TOTAL – HB 5822</b>	<b>---</b>	<b>---</b>	<b>\$747,700</b>

### **House Bill 5823 (H-1)**

The bill would delay for three years the sunsets as established by the Electrical Administrative Act for the following fees:

Fee	Current Fee Level (pre-sunset)	Fee Level After 9-30-12 (post-sunset)	Revenue Generated by Delay of Sunset
Exam fees	\$100	\$25	\$112,500
Master electrician annual license	\$50	\$25	\$278,000
Electrical journeyman annual license	\$40	\$20	\$279,500
Apprentice/specialty apprentice electrician annual license or registration	\$15	\$5	\$35,000
Fire alarm specialty technician annual license	\$50	\$25	\$17,000
Fire alarm specialty apprentice technician annual license	\$15	\$5	
Sign specialist annual license	\$40	\$20	\$7,500
Electrical, fire alarm, and sign specialty contractor annual license	\$200	\$100	\$609,100
<b>TOTAL – HB 5823</b>	<b>---</b>	<b>---</b>	<b>\$1,338,600</b>

### **House Bill 5824 (H-2)**

The bill would delay for three years the fee sunset for building official annual registrations and building inspector annual registrations as established by the Building Officials and Inspectors Registration Act. The fees are currently \$25, and under current law will be reduced to \$10 on October 1, 2012. Extension of the fees would prevent this reduction and generate approximately \$2,300 annually.

### **House Bill 5893 (H-1)**

The bill would delay for three years the fee sunset for business corporation annual report filing as established by the Business Corporation Act. The fees are currently \$25, and under current law will be reduced to \$15 on October 1, 2012. Extension of the fees would prevent this reduction and generate approximately \$1,320,000 annually.

MCL 450.3060 (H.B. 5819)  
450.5101 (H.B. 5820)  
338.3541 & 338.3545 (H.B. 5821)  
338.980 (H.B. 5822)  
338.883 (H.B. 5823)  
338.2313 (H.B. 5824)  
450.2060 (H.B. 5893)

### **FISCAL IMPACT**

The bills would have a significant and positive fiscal impact on the Department of Licensing and Regulatory Affairs. In total the bills would prevent the loss of approximately \$7,909,400 due to statutory reductions in fees that otherwise will go into effect on October 1, 2012. The fiscal year 2012-13 LARA budget included revenue from these fees at levels consistent with that received in previous fiscal years; that is, the budget was passed assuming the sunsets on these fees would be delayed or eliminated.

However, the dollar amount of revenue saved by the bills would be less than the amount cited in the previous paragraph, as this number does not take into account the veterans who would no longer be paying fees under the respective sections of statute amended by the bills. The amount of revenue lost is not limited to the revenue saved under the bills; revenue would also be lost from the base amount collected, as the bills totally exempt veterans from paying the fees. Currently it is estimated that there are 780,000 veterans living in Michigan, but it is unknown how many of them hold licenses or registrations that would be affected by these bills. Additionally, there would be some upfront costs to changing licensing and registration databases, updating forms and creating verification protocols. Estimates for those costs are not available at this time, however given that delaying the fee sunsets merely keeps the Department at an even level with respect to the fees collected under the bills, the addition of exemptions and additional costs would create an indeterminate gap between the amount of revenue that is likely to be collected by the Department and the appropriations contained in the fiscal year 2012-13 LARA budget.

Fiscal Analyst: Josh Sefton