

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 703

**PRINTER NO.** 1638

**AMOUNT**

\$85,000 One-Time Appropriation in FY 2016-17

**FUND**

General Fund

**DATE INTRODUCED**

April 7, 2015

**PRIME SPONSOR**

Senator McGarrigle

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 703 enacts the Plumbing Contractor Licensure Act by establishing the State Board of Plumbing Contractors (Board) within the Department of Labor and Industry (Department). The Board is comprised of the Secretary of Labor & Industry, two public members, and six professional members appointed by the Governor with Senate confirmation.

The Board is charged with responsibilities including the licensing and regulation of individuals engaged in plumbing services. The Board may issue, renew, reinstate, fail to renew, suspend, and revoke licenses as provided for in the act. The Board may approve professional testing organizations to administer tests to applicants for licensure. The Board shall investigate applications for licensure and determine an individual's eligibility to apply for a license under this act. The Board must maintain an Internet registry of licensed plumbers. The Board must annually submit to the Department an estimate to the financial requirements of the Board for its administrative, legal, and other expenses. The Board must also submit annual reports to the Consumer Protection and Professional Licensure Committee of the Senate and the Professional Licensure Committee of the House.

The Board shall not issue a license to an individual convicted of a drug felony within the last five years. If the conviction is older than five years, the individual must demonstrate rehabilitation.

The bill defines apprentice plumber, journeyman plumber, and master plumber. The bill prohibits an individual from holding himself out as an apprentice plumber, journeyman plumber, or master plumber unless licensed by the Board. The bill authorizes an individual who holds a master plumber license or who has maintained inactive status to use the title "licensed plumbing contractor".

The Board may grant a master or journeyman plumber license without examination if the person applies within 18 months of the effective date of the act; meets the age requirements; and passes an exam administered by a county on their plumbing code in a county of the first or second class. The master plumber must also submit proof of four years of experience, possess a current business license, and pass the exam.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

The journeyman plumber must also submit proof of four years of experience under the direction of a licensed plumber.

The Board is authorized to develop a continuing education program. The master and journeyman plumbers are required to obtain ten hours of continuing education during two calendar years immediately preceding license renewal.

Licenses must be renewed biennial. A licensee may request inactive status.

The Board may issue a license without exam to an individual licensed in another jurisdiction if the individual demonstrates that he meets or exceeds the experience requirements and has passed an exam demonstrating his knowledge of the plumbing code. Plumbers are required to report licenses held in other jurisdictions and any disciplinary action taken in that jurisdiction.

The act does not prohibit the installation, modification or replacement of propane-related systems or appliances by the owner, principal, or employee of a propane distributor if the propane distributor is registered with the Department.

The Board may establish fees by regulation, including a renewal fee. All fees, fines, and civil penalties shall be deposited in a newly-created Plumbing Contractors Licensure Account in the Treasury. The Board and the Department both have the authority to increase the fees should such fees be inadequate to cover their respective expenditures and enforcement costs.

A violation of the act is a misdemeanor subject to a fine of not more than \$1,000 or up to six months in prison, and a \$2,000 fine and up to one year in prison for a subsequent offense. The bill provides a civil penalty of up to \$10,000 for a licensee who violates the act, an individual who performs plumbing services in violation of the act, or an individual who falsely holds himself out as a licensed plumber.

The Board may refuse to renew or revoke a license for negligence and incompetence; inability to perform services for mental or physical reasons; a violation of the act or regulation; commission of an act of fraud or deceit; conviction of a crime of moral turpitude; disciplinary action in another state; failure to appropriately supervise a journeyman or apprentice plumber; false advertising; or failure to complete continuing education requirements.

The bill preserves the right of a municipality to inspect plumbing services, to impose a business tax, or to revoke a local permit for failure to comply with ordinances.

Nothing in the bill authorizes the Board or a municipality to adopt plumbing construction standards.

The bill appropriates \$85,000 to the Department for costs related to the processing and renewal of licenses, the operation of the Board, and other expenses related to the provisions of the Act. The appropriation shall be repaid to the General Fund within three years of the beginning of the issuance of licenses by the Board.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

Regulations shall be promulgated by the Board to carry out the provisions of the Act within 18 months of the effective date of Section 903 (Regulations).

Section 501 (Licensure) shall take effect in one year from the passage of the bill.

The remainder of the Act shall take effect in 60 days.

### **FISCAL IMPACT:**

The bill requires the Board to set licensure and renewal fees to cover the costs incurred to implement the provisions of the Act. Fines and penalties for violations of the Act are specified in the bill. Revenue from the fees, fines and penalties are to be deposited into a restricted account within the General Fund, administered by the Department.

An \$85,000 appropriation is made to the Department to pay for start-up costs associated with the bill's provisions. This amount is required to be paid back within 3 years of the bill's implementation date.

The Administration has estimated personnel and operating costs of approximately \$311,000 for the implementation, administration, and enforcement of the provisions. However, the majority of these costs will not be incurred in fiscal year 2016-17 due to the need to promulgate regulations to implement the provisions of the act. Upon promulgation and implementation of the regulations, all costs are to be covered by the fees set by the Board, as well as the fines and penalties deposited into the restricted account.