

FISCAL NOTE
Requested by Legislative Council
01/27/2015

Revised
Amendment to: SB 2278

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$235,000	\$725,000	\$235,000	\$725,000
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill provides the Secretary of State with the authority to deny a contractor's license if evidence exists of fraudulent activity on the part of the applicant. It also adjusts application and renewal fees in Section 3. These fees have not been changed for 22 years.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal impact is in Section 3. These fees have not been changed since 1993. The active contractor licenses on record have increased from approximately 5,600 in 2003 to approximately 13,400 today. The most growth has occurred in the past four years.

The current fees do not cover the agency's costs for processing the applications, renewals, filing the certificates of liability insurance forms, mailing, etc. Currently, one of the renewal fees is only \$10 per year.

The bill, as amended, deposits 75% of all of the revenue received under chapter 43-07 into the state's general fund and 25% into the agency's general services operating account to provide funding for compliance checks, peak renewal periods, IT support, and other regulatory functions, which are in direct correlation to the number of licenses issued.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Proposed Annual Renewal Fees

Class A (for contractors on a single project in excess of \$250,000 - \$100 - estimated new revenue \$300,000)
Class B (for contractors on a single project not in excess of \$250,000 - \$80 - estimated new revenue \$55,000)
Class C (for contractors on a single project not in excess of \$120,000 - \$60 - estimated new revenue \$45,000)
Class D (for contractors on a single project not in excess of \$50,000 - \$40 - estimated new revenue \$100,000)

The above breakdown represents the revenue on an annual basis that is estimated to be generated by the renewal of contractor licenses, which is \$500,000. Therefore, the revenue increase for the biennium from the fee changes would be \$1,000,000 more than that received for the 2011/2013 biennium, which was \$2,100,000. The new estimated gross total of \$3,100,000 would be divided with 75% (\$2,325,000) deposited into the state's general fund and 25% (\$775,000) deposited into the general services fund.

The revenue in 1A represents the "new" money of \$1,000,000 that the fee change would generate for the two funds compared to the 2011/2013 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The funding for the expenditures are included in the agency's operating budget.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The agency's spending authority for the agency's general services operating fund will be increased, as needed, to allow for the expenditure of funds up to the amount of revenue received.

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