

STATE OF KANSAS

DIVISION OF THE BUDGET
LONDON STATE OFFICE BUILDING
900 SW JACKSON STREET, ROOM 504
TOPEKA, KS 66612



PHONE: (785) 296-2436
FAX: (785) 296-0231
larry.campbell@ks.gov

GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 16, 2018

The Honorable Les Mason, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Mason:

SUBJECT: Fiscal Note for HB 2741 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2741 is respectfully submitted to your committee.

HB 2741 would require the Office of the State Fire Marshal (OSFM) to create and oversee a licensure process beginning January 1, 2019, for anyone who plans, sells, installs, repairs, alters, services, or inspects commercial or residential fire sprinkler systems. The OSFM would be required to design and administer an examination for potential licensees to test their experience and training as well as run background checks, including fingerprinting. The bill would create general guidelines for the knowledge, skills, and experience required of applicants for the examination. The OSFM would be required to issue both commercial and residential licenses for companies, managers, system designers, technicians, inspectors and trainees.

The bill would allow licensed commercial fire sprinkler companies to engage in planning, sales, installation, repair, alteration, service or inspection of either commercial or residential buildings whereas licensed residential fire sprinkler companies would only be allowed to engage in these activities in residential buildings. The bill would require commercial fire sprinkler companies to have a licensed commercial manager and a residential company to have a licensed residential manager on-site of any job being performed by the company. Additionally, the bill would prohibit individuals with a fire sprinkler license from the OSFM from contracting as an independent contractor for fire sprinkler work without being issued a company license and a manager's license. The bill further prohibits fire sprinkler companies from contracting out labor to independent fire sprinkler contractors.

Fire sprinkler companies would be required to post a company license in a conspicuous place in each business location and any individual licensees would be required to have their licenses in their possession when performing work. A fire sprinkler inspector would be required to inspect and test any newly installed fire sprinkler systems and would be required to be an employee of a fire sprinkler company holding a commercial license. HB 2741 would also give the OSFM, or local fire departments authorized by the OSFM, access to any fire sprinkler commercial premises during business hours to enforce the provisions of the Act.

The OSFM would be required to charge application fees for licenses and license renewals not to exceed \$300 for commercial licenses or renewals and \$100 for individual licenses and renewals. The bill would give the OSFM the authority to revoke licenses of any individuals that have failed to maintain or have violated requirements of the Fire Sprinkler Industry Act. Violations of the Act would be punishable by confinement in the county jail for up to one year, by the imposition of a fine up to \$500, or both confinement and fines. Any businesses found to be in violation of the Act would be subject to a fine up to \$5,000 per day of violation not to exceed \$20,000 in total. All moneys received from civil penalties would be deposited into the State General Fund, and all application fees would be deposited into the Fire Sprinkler Industry Act Fee Fund.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	\$12,833	--	\$92,099
FTE Pos.	--	1.00	--	2.00

The Office of the State Fire Marshal indicates enactment of HB 2741 would increase expenditures by \$12,833 in FY 2018, all from fee funds. Of this amount, \$10,333 would be for two months of salaries and wages for 1.00 Enforcement FTE position and \$2,500 would be for information technology costs and other fees. The OSFM also indicates that HB 2741 would increase expenditures by \$92,099 in FY 2019, all from fee funds. Of this amount, \$62,000 would be for salaries and wages for 1.00 Enforcement FTE position, \$26,299 would be for seven months of salaries and wages for 1.00 Senior Administrative Assistant FTE position, and \$3,800 would be for information technology costs and other fees. The 1.00 Enforcement FTE position would be responsible for developing rules and regulations, licensing application forms, procedures for processing applications, and running criminal background checks. The 1.00 Senior Administrative Assistant FTE position would be responsible for processing license applications, collecting and depositing fees, and issuing the licenses.

The OSFM also indicates that enactment of HB 2741 would generate revenue from application fees, potential fines, and civil penalties that would be credited to either the State General Fund or the Fire Sprinkler Industry Act Fee Fund. However, the total revenues cannot be estimated because the number of applications it will receive and number of fines and penalties it will issue is unknown. Any fiscal effect associated with HB 2741 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Chief Budget Officer