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Fiscal Note

Drafting Number: LLS 22-0282 Date: March 29, 2022
Prime Sponsors: Rep. Duran; Mullica Bill Status: House Business
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Bill Topic: ELECTRICIAN OR PLUMBER LICENSING APPRENTICE RATIO

- Summary of Fiscal Impact:
[X] State Revenue [X] TABOR Refund
[X] State Expenditure [X] Local Government
[] State Transfer [] Statutory Public Entity

This bill limits how a licensed electrician or plumber can supervise apprentices, and requires that the state conduct compliance checks. The bill also prohibits a licensed master electrician or plumber from applying for a permit in certain circumstances. The bill will increase state revenue and expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$367,182 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1346

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

Under current law, a licensed electrician or licensed plumber can only supervise three apprentices on a job site. This bill reduces the supervision ratio for nonresidential job sites to two apprentices on July 1, 2025, and one apprentice on July 1, 2028. The Director of the Division of Professions and Occupations in the Department of Regulator Agencies (DORA) is required to appoint or employ four individuals, two for electricians and two for plumbers, to conduct compliance checks on licensing and the limits on the number of apprentices. These individuals are required to prioritize compliance checks for projects that provide or will provide critical services to residents of the state as detailed in the bill.

In addition, a licensed master electrician or plumber who is not a registered electrical or plumbing contractor is prohibited from applying for an electrical or plumbing permit. The entity issuing a permit is required to verify the qualifications of the applicant prior to issuance. Applicants who are not qualified to apply for a permit are subject to disciplinary action by their respective licensing board. Homeowners performing work on their homes are considered qualified applicants for a permit.

State Revenue

This bill increases state cash fund revenue by \$464,772 annually beginning in FY 2022-23 to the Professions and Occupations Cash Fund. This revenue is subject to TABOR. The bill may increase administrative penalties collected, but those amounts have not been estimated.

Fee impact on electricians and plumbers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Department of Regulatory Agencies based on cash fund balance, estimated program costs, and the estimated number of licenses and inspections subject to the fee. Table 2 below identifies the fee impact of this bill.

**Table 2
 Fee Impact on Electricians and Plumbers**

Fiscal Year	Type of Fee	Proposed Fee Increase	Number Affected	Total Fee Impact
FY 2022-23	Electrical License	\$4.62	28,800	\$133,056
	Electrical Inspection	\$4.62	42,000	\$194,040
	Plumbing License	\$4.62	11,800	\$54,516
	Plumbing Inspection	\$4.62	18,000	\$83,160
FY 2022-23 Total				\$464,772
FY 2023-24	Electrical License	\$4.62	28,800	\$133,056
	Electrical Inspection	\$4.62	42,000	\$194,040
	Plumbing License	\$4.62	11,800	\$54,516
	Plumbing Inspection	\$4.62	18,000	\$83,160
FY 2023-24 Total				\$464,772

State Expenditures

The bill increases state expenditures in the DORA by \$464,954 in FY 2022-23 and \$446,558 in FY 2023-24 from the Professions and Occupations Cash Fund. The fiscal note assumes a July 1, 2022, start date. Expenditures are shown in Table 3 and detailed below.

**Table 3
 Expenditures Under HB 22-1346**

	FY 2022-23	FY 2023-24
Department of Regulatory Agencies		
Personal Services	\$254,220	\$254,220
Operating Expenses	\$5,400	\$5,400
Capital Outlay Costs	\$16,800	-
Vehicle Lease	\$38,068	\$38,068
Vehicle Operating	\$52,694	\$52,694
Centrally Appropriated Costs ¹	\$97,772	\$96,176
Total Cost	\$464,954	\$446,558
Total FTE	4.0 FTE	4.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. The Division of Professions and Occupations will add two electrical and two plumbing inspectors to conduct compliance checks. Each inspector requires a rugged laptop for fieldwork and a vehicle, but no office furniture. Vehicle lease costs are reappropriated to the Department of Personnel and Administration. Standard operating costs are included. Existing division staff will have an increase in workload to promulgate rules, conduct outreach, verify that applicants for permits are qualified, and take enforcement action for violations. This increase in workload can be accomplished within existing appropriations.

Other state agencies and institutions of higher education. To the extent that fewer electrical and plumbing apprentices are employed on capital construction projects, the bill may increase construction costs. A state institution of higher education that issues permits will have an increase in workload to verify that permit applicants are qualified applicants.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Local Government

This bill will increase workload for local governments that conduct inspections and issue permits to verify that the permit applicant is qualified.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$367,182 to the Department of Regulatory Agencies from the Professions and Occupations Cash Fund, and 4.0 FTE. Of this, \$38,068 is reappropriated to the Department of Personnel and Administration for fleet vehicle services.

State and Local Government Contacts

Counties
Information Technology
Municipalities

Higher Education
Law
Regulatory Agencies