

February 12, 2019

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2026 by Representative Frownfelter

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2026 is respectfully submitted to your committee.

HB 2026 would require the Office of the State Fire Marshal (OSFM) to create and oversee a licensure process beginning July 1, 2020, for anyone who engages in work in the fire sprinkler industry. 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 bill would create licenses for fire sprinkler companies, managers, trainees, inspectors, and technicians as well as the license designations of testing and inspection and installation, design, and maintenance. The bill would require fire sprinkler companies that engage in planning, design, installation, repair, alteration, maintenance, service, sale, inspection or advertisement of fire sprinkler systems to possess a license.

Every company would be required to have a fire sprinkler manager on staff. A fire sprinkler technician, manager or inspector would be required to be on the job site of any work being performed. The bill would prohibit individuals with a fire sprinkler license from contracting as an independent contractor for fire sprinkler work without possessing a company license and a manager's license. The bill further prohibits fire sprinkler companies from contracting out labor to independent fire sprinkler contractors who do not possess a company license and a manager's license. Fire sprinkler companies would be required to post a company license in each business location and any individual licensees would be required to have their licenses in their possession when performing work. HB 2026 would also give the OSFM, or local fire departments authorized by the OSFM, access to 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 \$500 for fire sprinkler company licenses, \$150 for fire sprinkler company manager licenses, \$100 for fire sprinkler inspector licenses, \$50 for fire sprinkler technician licenses, and \$25 for fire sprinkler trainee licenses. The bill would allow the OSFM to charge an additional fee not to exceed \$25 for repeat examinations and require the applicant to pay the cost of a security background investigation. 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. Individuals who violate the Act would be fined up to \$250 for each violation, except for company managers who may be fined up to \$500 per violation. Any companies found to be in violation of the Act would be subject to a fine of up to \$5,000 per day of violation not to exceed \$25,000 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 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$145,000	\$145,000
FTE Pos.	--	--	2.00	2.00

According to the Office of the State Fire Marshal, enactment of HB 2026 would result in \$145,000 in State General Fund expenditures. The agency indicates it would not have sufficient fee funds initially available to fund the Fire Sprinkler Industry Act and that the revenue generated by the bill, which would begin in FY 2021, would be insufficient to fund the ongoing costs. The agency indicates that enactment of the bill would require it to hire 1.00 Program Manager FTE position with salaries and wages totaling \$78,000 and 1.00 Administrative Assistant FTE position with salaries and wages totaling \$48,000. In addition, the agency indicates that the bill would result in one-time expenditures of \$15,300 for commodities, including \$10,000 to purchase computers, monitors, phones, and clothing and \$5,300 to develop proprietary software to administer the licensure program. The agency indicates it would also spend \$3,700 in contractual services for a subject matter expert to assist with the initial research, writing and adoption of the rules and regulations required by the bill.

The League of Kansas Municipalities and the Kansas Association of Counties indicates that enactment of HB 2026 may result in investigative, inspection, or licensing duties being passed on to county governments, which could increase expenditures for counties. However, this fiscal effect cannot be estimated because the scope of duties that may be passed on to cities and counties is unknown. Any fiscal effect associated with HB 2026 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Chardae Caine, League of Municipalities
Jay Hall, Association of Counties
Jill McCarthy, Office of the Fire Marshal