

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 795 - Electrician Licensure (LSB 1601 HV)

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Fiscal Note Version - New

Description

House File 795 provides for a statewide system of licensure for electricians and life safety installers, provisions regarding electrical inspections, and specifies related licensing and inspection fees. The new statewide licensure system supplements current licensure of electricians on a city-by-city basis, permitting electricians to practice on a statewide, as well as on a local basis. The Bill creates an 11-member Electrical Examining Board within the Fire Marshal's Office. The Bill also creates an Electrician and Installer Licensing and Inspection Fund where all licensing, registration, examination, inspection, and renewal fees are appropriated and made available to the Board in consultation with the Fire Marshal's Office and the balance does not revert to the General Fund. Sections One through Five, Section Six, Subsections One and Four, and Section 17 concerning the Examining Board take effect upon enactment. Sections 23 through 35 of the Bill deal with inspections and take effect on January 1, 2009. The remaining provisions of the Bill relating to licensure take effect on January 1, 2008.

Background

- According to the Division of Labor, there are 1,102 electrical contractors registered in Iowa.
- According to the Department of Workforce Development, there are an estimated 5,980 electricians statewide.
- In FY 2006, there were 140 convictions for violations of Chapter 714 (Theft, Fraud, and Related Offenses), Code of Iowa; however, it is unknown how many convictions were for false information for licensing purposes.
- Life Safety Installers install fire and security alarm systems.
- Special Electricians install specialty items such as signs, irrigation, and air conditioning units.

Licensing and Inspection Program Expense Assumptions

- The estimate for licensing assumes that 20.0% of those eligible for a State license will opt to maintain their local jurisdiction licensure. The estimates for inspections are based on State inspections only.
- The estimated number of personnel required to implement an inspection program is 37.0 FTE positions which includes 30.0 FTE positions for inspectors, 3.0 FTE positions for supervisors, 1.0 FTE position for a Bureau Chief, and 3.0 FTE positions for administrative staff. The estimated personnel cost for inspections would be \$2.2 million. The inspection function does not begin until CY 2009. The estimate assumes that the carry forward balance from license and examination fees will cover the start up costs for the Program, hiring will occur so the Program can begin in January 2009, and there will be no start up lag in revenues or expenses.
- The number of personnel required to implement a licensure program is 4.0 FTE positions at an estimated cost of \$215,000. Due to a lag in hiring and training of personnel, these costs will be reduced by \$54,000 (25.0%) for CY 2008.

- Other recurring costs for these two programs would be approximately \$241,000. This would include rent, printing, training, travel, and postage. These costs are pro-rated in CY 2008 to take into account a lag in the licensing program start up. The fiscal impact assumes the balance carry forward would be used to implement the inspection program and that it will start on January 1, 2009.
- The Bill establishes an 11-member board, which is estimated to meet four times a year at \$100 per board member, per meeting for a total cost estimate of \$4,400. This includes \$50 per day in per diem expenses and actual expenses. This section of the Bill takes effect upon enactment. If the Board meets each month for six months in calendar year 2007 to work on rulemaking, the expenses would total \$6,600, which is assumed to be absorbed within the Fire Marshal's current budget until the Licensure Program is up and running.
- The total one-time costs (including software, computers, and vehicles) is approximately \$1.2 million. Since the Licensure Program starts in CY 2008, the one-time costs are pro-rated to take into account the start up lag in the Program.
- The estimate assumes a 4.5% merit increase and 2.0% cost-of-living increase per year for personnel costs.

Examination, Licensing, and Inspection Program Revenue Assumptions

Examination

- Approximately 900 Class A Master electricians will be required to take an examination at \$125 per person.
- Approximately 1,800 Class A Journeyman electricians will be required to take an examination at \$60 per person.
- Approximately 250 Life Safety Installers will be required to take an examination at \$60 per person.
- The estimate for exam fees assumes that 20.0% of those eligible for a State license will opt to maintain their local jurisdiction licensure and inspections.
- The revenue impact assumes that in the second and ongoing years, there will be approximately 5.0% of the eligible electricians sitting for this exam. The exam is required for those obtaining a new license and for those who let their original license expire.

Licensure

- The examinations for licensure will be given as often as deemed necessary by the Board, but no less than one time per month.
- An expired license may be renewed within a three month period from the date of expiration with the payment of the license fee plus 10.0% of the renewal fee. If the expired license is over three months old, a new license will need to be issued.
- The Bill establishes eight licensing categories with a maximum annual fee for each category, which can be adjusted by the Board through Administrative Rules. The fee amounts are for each year of a three-year license period (with the exception of the Apprentice License) or triple the amount reflected in the Bill and in the table below.

<u>License Type</u>	<u>Maximum Fee Amount Per Year</u>
Electrical Contractor	\$125
Class A Master	\$125
Class B Master	\$125
Class A Journeyman	\$25
Class B Journeyman	\$25
Life Safety Installer	\$25
Special Electrician	\$25
Apprentice	\$20

- Of the estimated 5,980 electricians, the estimate assumes that 4,784 will obtain a State license. The Department of Public Safety estimates approximately 30.0% would be eligible for a Master License (1,435), 60.0% would be eligible for a Journeyman License (2,870), and 10.0% would be eligible for an Apprentice License (479).
- The number of Special Electricians are estimated to be approximately 600 people.
- The estimate assumes that 200 electricians will also be licensed as Life Safety Installers.
- The total number of licenses estimated to be authorized in one year is approximately 7,500. This also includes the Special Electricians and Life Safety Installers.
- For a three-year licensure period, the revenue generated is estimated to be \$791,000 in CY 2008 and \$1.1 million in CY 2011.

Inspections

- The estimated number of inspections annually is 45,000.
- In CY 2009, the estimated annual revenue from inspections is approximately \$8.5 million. This assumes that the carry forward balance from CY 2008 will be used to implement the Program so there is no lag in start up time.
- Each separate inspection of an installation, replacement, or repair is \$25. There will be approximately 2,000 (4.4%) separate inspections.
- An inspection on zero to 100 amps is \$25 plus \$5 per branch circuit. The estimate assumes that 12,000 inspections (26.6%) will be for this amperage. The average of 15 branch circuits per permit up to 100 amps is \$75.
- An inspection on 100 to 200 amps is \$35 plus \$5 per branch circuit. The estimate assumes that 20,000 inspections (44.4%) will be for this amperage. The average of 40 branch circuits per permit up to 200 amps is \$200.
- An inspection for each additional 100 amps is \$20 plus \$5 per branch circuit. The estimate assumes that 4,000 inspections (8.9%) will be for this amperage. The average of 100 branch circuits per permit over 200 amps is \$500.
- An inspection for a field irrigation system is \$60 per unit. The estimate assumes that 200 inspections (0.4%) will be completed.
- Of the total number of inspections, the estimate assumes that 3,000 (6.7%) will need to be re-inspected, 1,500 (3.3%) will need to have a second re-inspection, and 250 (0.6%) will need subsequent inspections.
- An owner-requested inspection is \$30 plus \$5 per branch circuit. The estimate assumes that 2,000 inspections (4.4%) will be requested. The average of 15 branch circuits is \$75.
- Fire and accident inspection are \$47 per hour plus expenses. The revenue estimate for this cannot be determined at this time.

Correctional Impact

If a Board member violated confidentiality requirements, they would be guilty of a simple misdemeanor. According to the Justice Data Warehouse, there have been no charges or convictions imposed against other Boards with similar requirements; therefore, no correctional impact is anticipated.

Fiscal Impact

Electrician Licensing and Inspection Program

Revenues	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012
Balance Carry Forward	\$ 0	\$ (6,600)	\$ 463,000	\$ 5,346,600	\$ 11,041,200	\$ 17,655,800
Licensure Revenue	0	791,000	12,000	12,000	1,100,000	12,000
Inspection Revenue	0	n/a	8,500,000	8,500,000	8,500,000	8,500,000
Exam Revenue	0	141,000	12,000	12,000	12,000	12,000
Total	\$ 0	\$ 925,400	\$ 8,987,000	\$ 13,870,600	\$ 20,653,200	\$ 26,179,800
Expenses						
Inspection Personnel Costs	\$ 0	\$ 0	\$ 2,200,000	\$ 2,343,000	\$ 2,495,000	\$ 2,657,000
Licensure Personnel Costs	0	161,000	226,000	241,000	257,000	274,000
Board Costs	6,600	4,400	4,400	4,400	4,400	4,400
Other Recurring Costs	0	87,000	241,000	241,000	241,000	241,000
One-Time Program Costs	0	210,000	969,000	0	0	0
Total	\$ 6,600	\$ 462,400	\$ 3,640,400	\$ 2,829,400	\$ 2,997,400	\$ 3,176,400
Net Revenue Per Calendar Year	(6,600)	\$ 463,000	\$ 5,346,600	\$ 11,041,200	\$ 17,655,800	\$ 23,003,400

If the Board maintains the current maximum fee structure established in HF 795, by Calendar Year 2012, the Electrician and Installer Licensing and Inspection Fund is estimated to have a balance of approximately \$23.0 million. Expenditures from the Fund are approved by the sole authority of the Board in consultation with the Fire Marshal's Office.

Revenue from the civil penalties in the Bill cannot be determined and are not included in this estimate.

Local governments that currently license electricians would lose the corresponding revenue if electricians opted for the State license; however, that impact cannot be determined. Local jurisdictions who would opt to have State inspections rather than maintain local inspections would potentially lose FTE positions and revenue; however, that number cannot be determined.

Sources

Iowa Workforce Development
Iowa Division of Labor
Department of Public Safety

/s/ Holly M. Lyons

March 21, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
