

January 31, 2017

The Honorable Jacob LaTurner, Chairperson  
Senate Committee on Federal and State Affairs  
Statehouse, Room 136-E  
Topeka, Kansas 66612

Dear Senator LaTurner:

**SUBJECT:** Fiscal Note for SB 76 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 76 is respectfully submitted to your committee.

SB 76 would make several changes to how the state and local governments license professional occupations. Specifically, SB 76 would exempt “low-income individuals” and “military families” from occupational fees and fees from licensing requirements for all state and political subdivision licensing authorities. SB 76 would also prevent all political subdivisions in the state from implementing any new occupational or licensing fees and regulations on any profession. Existing fees and regulations on specific professions could be continued; however, political subdivisions could not impose any additional regulations on any professions that are subject to a state licensing authority.

SB 76 also provides that if a state licensing authority imposes any new licensing requirements on any profession that was previously unregulated by the state, political subdivisions may not require any fees or licensing requirements once state regulations become effective. The bill would also cap fees charged by political subdivisions at \$25 and maintain that all political subdivisions recognize regulations and fees imposed by other political subdivisions. The bill would also require all regulating authorities to issue a valid, non-temporary or provisional, license to practice to applicants who are licensed to practice in another state and is in good standing with that state.

The fiscal effect of SB 76 could range from negligible to significant, depending upon the agency. Some state agencies report that more staff would be needed to comply with the bill. The bill would require applications from “low-income” and “military families” to be processed within thirty days and current agency staffing would be inadequate to comply with the bill. SB 76 would also require applications from individuals licensed out of state to be processed within 30 days. To comply with these requirements, some agencies may need to increase staffing levels with corresponding additional expenditures.

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The Office of the Securities Commissioner notes that issuing licenses to all applicants who are licensed in another state could circumvent current state standards. The Office also indicates that other states may have less stringent requirements than Kansas. Using less stringent requirements may put consumers at risk and, in the case of the Office, subject them to poor financial advisers that may lose consumers' money and, in turn, reduce taxable income.

Most agencies note that SB 76 would decrease revenues in some way. However, many agencies cannot estimate how much revenue will be lost because they cannot estimate the number of "low-income" and "military families" they license. Some agencies indicate that many new licensees are recent college graduates and since recent graduates typically have a lower income, those individuals may be eligible to have the licensing fee waived. The Division of the Budget estimates that many agencies will experience the same circumstances in regards to new licensees being recent college graduates. It should also be noted that some agencies may already waive fees for "military families," including the Dental Board, which currently waives fees for active duty military members and their spouses.

It should also be noted that reducing revenue from licensing fees would also reduce transfers into the State General Fund (SGF). Under current law, 10.0 percent of all licensing fees are transferred to the SGF. Since it is estimated that SB 76 will reduce fee revenues from nearly all 20 regulatory boards and commissions, it is reasonable to assume transfers to the SGF would decrease as well. However, it is not possible to estimate the fiscal effect of SB 76 as it is not possible to estimate how much fee revenue would be reduced. The Division of the Budget notes that the Board of Healing Arts estimates that fees collected by the agency may decrease by 10.0 percent to 40.0 percent if SB 76 is enacted.

The League of Kansas Municipalities notes that SB 76 would cap fees charged by local governments at \$25. Capping fees may reduce revenues for municipalities if the fee that is currently charged is higher than \$25. The Kansas Association of Counties notes that reducing fees to \$25 may make the cost of regulating a profession higher than what is collected in fees. As a result, counties may increase other taxes to make up for shortfall or forgo regulating certain professions altogether. Any fiscal effect associated with SB 76 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Brock Ingmire, League of Municipalities  
Melissa Wangemann, Association of Counties  
Susan Somers, Board of Accountancy  
Judi Stork, Banking  
Max Foster, Behavioral Sciences  
Laura Gloeckner, Cosmetology  
Charity Carlat, Dental Board

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Jerel Wright, Credit Unions

Carol Williams, Governmental Ethics

Cathy Brown, Board of Healing Arts

Inge Reed, Board of Nursing

Jan Murray, Optometry

Steve Wassom, Office of the Securities Commissioner