

## FISCAL NOTE

August 15, 2017

|                 |        |                      |         |                 |            |
|-----------------|--------|----------------------|---------|-----------------|------------|
| <b>Bill No:</b> | HB 442 | <b>Printer's No:</b> | PN 2086 | <b>Sponsor:</b> | Christiana |
|-----------------|--------|----------------------|---------|-----------------|------------|

### COST / (SAVINGS)

| Fund (s)   | 2017-18    | 2018-19     |
|--|------------|-------------|
| General Fund Appropriation                           | (\$85,000) | -           |
| General Fund Cost                                    | \$475,000  | > \$475,000 |
| Plumbing Contractors Licensure Account- Augmentation | -          | TBD         |

**SUMMARY:** This legislation establishes the State Board of Plumbing Contractors (SBPC) within the Department of Labor & Industry (L&I). This legislation also establishes the Plumbing Licensure Account.

**ANALYSIS:** Under this legislation, the SBPC will be established under L&I. The nine-member board will include the following:

- The Secretary of Labor and Industry or a designee
- Two public members
- Six professional members who have been actively engaged in providing plumbing services in the commonwealth for at least ten years immediately preceding appointment

Of the professional members, two members shall reside in and be licensed plumbers by a county of the first class, two professional members shall reside in and be licensed plumbers by a county of the second class and two professional members shall reside in different counties of the third class. Of the professional members, three shall be signatory and three shall be non-signatory. Professional and public members of the board shall be appointed by the governor with the advice and consent of the senate. Professional and public members shall be residents of the commonwealth.

The SBPC will meet at a minimum, four times per year in Harrisburg. The board will be charged with providing and regulating the licensing of individuals who provide plumbing services within the commonwealth. Additionally, the SBPC will be responsible for approving professional testing organizations to administer tests for applicants, investigating applications for licensure, promulgating regulations, maintaining a public registry accessible via the internet and maintaining minutes and records of all proceedings. The SBPC shall submit annually to L&I an estimate of financial requirements of the board for administrative, legal and other expenses. The SBPC shall submit an annual report to the Consumer Protection and Professional Licensure Committee of the Senate, the Professional Licensure Committee of the House and Appropriations Committees of the Senate and House.

This legislation establishes requirements for the biennial licensing of an apprentice, journeyman, master plumber, and licensed plumbing contractor, including disqualifications for applicants

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convicted of felony drug related offenses. Apprentices must be registered with L&I's Pennsylvania Apprenticeship and Training Council, and can be disciplined for failure to notify the board of any lapse in their apprenticeship registration. Under this legislation, it is the duty of the board to establish continuing education requirements for journeyman and master plumbers by regulation. The board has the power to grant reciprocity to plumbers from other states, and may waive examinations for individuals meeting grandfather criteria.

The board would have the authority to adjust its fees by regulation if revenues from fees, fines, and civil penalties are insufficient to meet expenditures over a two-year period. If L&I determines the fees set by the board are insufficient, L&I, after consulting with the board and subject to the Regulatory Review Act, could increase the fees by regulation to ensure the revenue is adequate to meet the enforcement effort. A restricted account would be established in the general fund to receive monies collected by the board.

Violations of the legislation's provisions or the board's regulations would be classified as a misdemeanor, punishable by maximum fines of \$1,000 for the first offense, and \$2,000 for subsequent convictions. Offenders could receive prison a sentence of up to six months for a first offense, and not less than six months or more than one year for subsequent convictions.

The board would be permitted to levy civil penalties of up to \$10,000 for violations, provided the accused is given an opportunity for a hearing in accordance with the administrative agency law. The board would also be permitted to suspend or revoke licenses, following a hearing, and issue public reprimands. Temporary suspensions may be issued prior to a hearing, but with notice to the licensee, in cases of immediate and clear danger to the public, safety, or property, while automatic suspensions would be permitted in cases of commitment for mental incompetency or conviction for felony drug offenses. The board would be able to seek injunctive relief in the courts and would be granted subpoena power.

The bill would preempt local licensing of plumbers, except in first and second-class counties, although municipalities may continue to inspect plumbing work for code compliance, levy taxes, require business privilege licenses, and levy/revoke local permits for non-compliance with ordinances.

Certain work performed by propane distributors registered with L&I under the Liquefied Petroleum Gas Act, and the Attorney General under Home Improvement Consumer Protection Act, would be exempt from this act.

L&I's Bureau of Occupational and Industrial Safety (BOIS) currently certifies inspectors and plans examiners (which includes plumbing inspectors, residential plumbing inspectors and plumbing plans examiners) under the Uniform Construction Code (UCC), but not plumbers or plumbing contractors. The only contractors L&I currently issues certification for are those engaged in

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asbestos and lead-based paint abatement in which case L&I uses federal standards for those programs. This legislation would create the first full occupational licensing program at L&I.

**FISCAL IMPACT:** The costs of this program are expected to be more than the \$85,000 appropriation contained in the bill. The processing of license applications, the investigation and prosecution of violations, and the development of regulations necessarily would entail the retention or use of administrative, legal, and possibly field staff.

Program costs are projected to total \$475,000 for the first year. This includes \$383,000 for personnel and \$92,000 for operating expenses. This estimate would increase in subsequent years due to projected cost of living adjustment (COLA) increases and if field staff is needed to investigate violations.

| Indicate Costs or Savings           | Fund  | Current FY | Next FY   |
|-------------------------------------|---|------------|-----------|
| <b>Personnel:</b>                   | Occupational & Industrial<br>Safety: 100280000015 | -          | \$383,000 |
|                                     |   |            |           |
| <b>Infrastructure:</b>              |   | -          | \$92,000  |
|                                     |   |            |           |
| <b>Additional costs or savings:</b> |   |            |           |
| <b>Total Costs:</b>                 |   |            | \$475,000 |

This legislation provides for a fee; however, an estimate of revenue cannot be determined without statistical data on the number of contractors in the commonwealth who engage in plumbing related work. The 2017-2018 budget did not include an appropriation.