

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0267	Date: February 10, 2014
Prime Sponsor(s): Rep. Exum; Rankin Sen. Tochtrop	Bill Status: House Local Government
	Fiscal Analyst: Clare Pramuk (303-866-2677)

SHORT TITLE: SUNSET FIRE SUPPRESSION CONTRACTOR REGULATION

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<u>\$1,000</u>	<u>\$51,000</u>
Cash Funds	1,000	51,000
State Expenditures		<u>\$48,937</u>
Cash Funds		41,818
Centrally Appropriated Costs**		7,119
FTE Position Change		0.6 FTE
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill continues the Fire Suppression Registration and Inspection Program within the Division of Fire Prevention and Control (DFPC) under the Department of Public Safety until September 1, 2019, and implements the recommendations of the 2013 Sunset Report by the Department of Regulatory Agencies. The bill requires both the creation of a new registration category for residential fire suppression system contractors and a separate set of residential design and installation standards. The fire suppression administrator is required to keep records in a searchable format of all fire suppression working plans and hydraulic calculations for projects identified as containing significant or repeated design or installation deficiencies. Deficiencies identified by a certified local fire suppression inspector must be reported to the administrator.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the DPFC in the DPS that is set to repeal, effective July 1, 2014. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY2015-16, one year after the repeal date. There is no need for an appropriation of the division's base funding in FY 2014-15, since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2014-15.

State revenue and state expenditures for FY 2015-16 reflect the program's anticipated fee revenue and base budget request beginning that year. The DPS's budget request for the regulation of fire suppression contractors in FY 2014-15 is \$47,552 and 0.6 FTE.

State Revenue

Beginning in FY 2014-15, this bill is expected to increase cash fund revenue by \$1,000 per year to the DFPC Cash Fund. In FY 2015-16 and thereafter, cash fund revenue is expected to increase by a total of \$51,000.

Fee impact on individuals and business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The fiscal note assumes that 10 individuals will be registered as residential fire suppression contractors and pay a fee of \$100 per year. Currently approximately 500 fire suppression contractors pay an annual registration fee of \$100 which continues in FY 2015-16 under the bill. Table 1 identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business			
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Residential Fire Suppression Contractor Registration FY 2014-15	\$100	10	\$1,000
Residential Fire Suppression Contractor Registration FY 2015-16	100	10	1,000
Fire Suppression Contractor Registration FY 2015-16	100	500	50,000
TOTAL			\$52,000

State Expenditures

By continuing the Fire Suppression Registration and Inspection Program, the DPS will have increased expenditures of \$48,937 in FY 2015-16, as shown in Table 2.

Table 2. Expenditures Under HB14-1221		
Cost Components	FY 2014-15	FY 2015-16
Personal Services		\$41,210
FTE		0.6
Operating Expenses and Capital Outlay Costs		608
Centrally Appropriated Costs*		7,119
TOTAL	\$0	\$48,937

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

To implement the bill, the program is expected to create a new registration category and set standards for residential fire suppression. The program must also maintain searchable records of design or installation deficiencies, which the fiscal note assumes will utilize an existing system. Overall the bill is expected to create a minimal increase in workload and does not require new appropriation.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HB14-1221*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)		\$3,925
Supplemental Employee Retirement Payments		3,194
TOTAL		\$7,119

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

This bill requires local fire suppression inspectors to notify the administrator of significant or repeated design or installation deficiencies. To the extent that this is not current practice, the increase in workload for municipal, county, and special district authorities is expected to be minimal.

Effective Date

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

State and Local Government Contacts

Public Safety