

January 31, 2013

The Honorable Marvin Kleeb, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2024 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2024 is respectfully submitted to your committee.

HB 2024 would define a “roofing contractor” and require a roofing contractor to obtain a registration certificate from the Attorney General for a fee not to exceed \$500. Any person who fails to obtain a valid registration certificate or acts as a roofing contractor while their registration certificate is suspended or revoked shall be liable for a civil penalty as provided in K.S.A 50-636a, of not more than \$10,000 for each violation along with any other penalty prescribed by law.

The Attorney General is authorized to adopt rules and regulations necessary to implement the registration process. The application for a roofing contractor is under oath and must include a certificate of liability insurance of not less than \$500,000 and proof of worker compensation insurance must be provided with the application.

The application and renewal form require the disclosure of any felony but this would not prohibit the applicant from receiving certificate. The Attorney General may conduct criminal history records search or background checks. The Attorney General may investigate any information submitted on the roofing contractor application. The Attorney General may also investigate for compliance with this act while roofing contractor's activities are revoked or suspended.

If the registration application is refused, notification of the refusal must be in writing. The applicant has ten days to cure any defect or appeal the decision. In the alternative, the applicant may re-apply after the expiration of a 90-day waiting period. In addition, if the Attorney General determines that a registration certificate is not in good standing, as defined by the bill, a written notice would be sent. The contractor has 30 days from the date of the notice to cure the specified deficiency. If the deficiency is not cured within the 30 days, the registration

certificate would be revoked. The suspension or revocation of a registration certificate may be appealed as provided by the administrative procedure act.

To obtain a certificate of renewal, the person shall file with the Attorney General a renewal application by June 30 and pay the renewal fee. A roofing contractor has a 30-day grace period after June 30 to renew the registration certificate without a late fee. The late fee shall be set by the Attorney General but could not exceed \$300. If the certificate is not renewed before July 31, it would be revoked. A reinstatement fee not to exceed \$500 would be assessed.

Not later than ten days after the date of a change in a roofing contractor's name, address or legal service agent or upon a registered roofing contractor's ceasing business as a roofing contractor the person shall notify the Attorney General of the change on a form provided by the Attorney General. This form shall be accompanied by a fee not to exceed \$25. Also, the Attorney General would suspend the registration certificate of the contractor who ceases to be active as a roofing contractor.

The bill requires Attorney General to receive complaints, make investigations and examine the registrant's operations, books and records. Cost of investigation, examination and administration are to be paid by the applicant, licensee or registrant.

The Attorney General would establish through the internet or other technology a verification system or direct access system for confirming roofing contractor registration certificates. The system would include the notation of each complaint received against an individual roofing contractor, such roofing contractor's response to each complaint by noting whether the roofing contractor admits or denies the allegation, any court disposition of a complaint, if known, and any adjudication of a violation of the provisions of this act. In addition, the system may include a notation for any conviction of a criminal violation in this state, another state, or the United States when disclosed by a criminal history records search on the individual roofing contractor.

Disclosure of any information through use of the roofing contractor registration certificate system or information maintained by the Attorney General shall not be deemed to be an endorsement of any roofing contractor or determination of any facts, qualifications, information or reputation of any roofing contractor by the Attorney General, the state, or any of their respective agents, officers, employees or assigns.

The Attorney General states that the implementation of HB 2024 would require two additional FTE positions to support all of the research, internet, monitoring, investigative and enforcement actions. The estimated cost for each position would be \$58,000 for a total of \$116,000 annually. The initial cost for setting up the website, developing forms and procedures is estimated to be \$150,000. Fees associated with the bill could be set to cover costs. The Attorney General reports that there are approximately 700 roofing businesses in Kansas. The number of non-resident roofers operating in Kansas is currently unknown.

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The Office of Judicial Administration states that the passage of HB 2024 could increase the number of civil cases filed in the district and appellate courts relating to roofing contractor registration. That would increase time spent by district court and appellate court, judicial and non-judicial personnel processing, researching, and hearing cases. It could also result in the collection for docket fees and civil penalties in those cases. However, until the courts have had an opportunity to operate under the provisions of the bill, an accurate estimate of the fiscal effect cannot be given. Any fiscal effect associated with HB 2024 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Willie Prescott, Attorney General's Office
Mary Rinehart, Judiciary