

Colorado Legislative Council Staff Fiscal Note

**STATE**  
**REVISED FISCAL IMPACT**

(replaces fiscal note dated March 10, 2015)

**Drafting Number:** LLS 15-0824  
**Prime Sponsor(s):** Sen. Balmer  
Rep. Pabon

**Date:** March 24, 2015  
**Bill Status:** House Local Government  
**Fiscal Analyst:** Erin Reynolds (303-866-4146)

**BILL TOPIC:** EXCLUDE WATER CONDITIONING APPLIANCE FROM PLUMBING

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
<b>State Revenue</b>	<b>(\$520)</b>	
Cash Funds	(520)	
<b>State Expenditures</b>	Minimal decrease.	
<b>FTE Position Change</b>		
<b>TABOR Set-Aside</b>	(\$520)	
<b>Appropriation Required:</b> None.		

\* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

**Summary of Legislation**

The **reengrossed** bill excludes from the definition of "plumbing" the design, installation, and repair of water conditioning appliances connected to the potable water system with a pipe that is two inches or less in nominal diameter. It also excludes retailers or suppliers who advertise, sell, install, or contract for the installation of such a water conditioning appliance from plumbing contractor registration requirements with the Division of Professions and Occupations (DPO) in the Department of Regulatory Agencies (DORA).

**Background**

While the State Plumbing Board had previously interpreted state law to include water conditioning appliances and enforced the law on a complaint-driven basis, Senate Bill 13-162 formally codified "all water conditioning appliances connected to the potable water system" into the definition of plumbing. As such, water treatment companies were formally required to be registered as plumbing contractors with the DPO by July 1, 2013. Initial registration fees for plumbing contractors are currently set at \$210, and the biennial renewal fee is \$130.

**State Revenue**

This bill is expected to decrease the population of registered plumbing contractors, which will decrease fee revenue to the DPO Cash Fund.

**Assumptions.** Based on information provided by the DORA and industry representatives, it is assumed that around 50 independently-owned water treatment companies are currently operating in the state. Trade association records for the industry indicate that eight of these companies registered as plumbing contractors with DORA after 2013, while the majority of water conditioning companies—around 85 percent—did not register. The fiscal note assumes that of the eight companies currently registered as plumbing contractors, half of these companies will forego registration in FY 2015-16, while half will stay registered since they have changed their business model to market plumbing services in order to cover the costs of having a master plumber on staff.

**Division of Professions and Occupations—DORA.** Fee revenue to the DPO in DORA is expected to decrease by \$520 in FY 2015-16 and each subsequent biennial renewal year. This decrease in fee revenue is caused by the reduction of four registered plumbing contractors who would have been subject to a \$130 renewal fee in FY 2015-16. To the extent that additional water treatment companies would have registered as plumbing contractors with the DPO in the future, this is additional revenue that will not be credited to the DPO Cash Fund.

### **TABOR Impact**

The bill decreases state cash fund revenue from fees in FY 2015-16, which will reduce the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

### **State Expenditures**

Because the bill reduces the population of registered plumbing contractors, DORA will have a slight decrease in overall workload in the DPO in terms of application processing and consumer complaints (these four registrations represent 0.15 percent of the overall plumbing contractor registration program). The DPO may also be required to conduct rulemaking to interpret and implement the act and will be required to update its outreach materials and website to reflect changes to the plumbing contractor registration program. The overall impact on DPO workload will be minimal and no change in appropriations is required.

### **Effective Date**

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

### **State and Local Government Contacts**

Personnel and Administration

Regulatory Agencies