

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. Based on information provided by DORA and industry representatives, it is assumed that eight of the 50 independently-owned water treatment companies registered as plumbing contractors with DORA.

State Revenue

This bill is expected to increase the population of registered water conditioners, which will increase fee revenue to the DPO Cash Fund by an estimated **\$173,250 in FY 2015-16** and **\$147,160 per year beginning in FY 2016-17** to cover administration costs for the program.

Assumptions. The fiscal note assumes there are the following number of water conditioning professionals in the state:

- 50 water conditioning contractors;
- 250 water conditioning installers; and
- 50 water conditioning principals.

The fiscal note also assumes that the number of water conditioning professionals will increase by 5 percent per year, resulting in approximately 18 new registrants per year after the initial year of registrations. Because of the small number of registrants, an annual registration renewal cycle is assumed to be required to cover program costs.

Fee impact on water conditioning professionals. 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. These fees are estimates only; actual fees will be set by DORA. Table 1 below shows the fee impact of the bill.

Table 1. Two-Year Fee Impact on Water Conditioning Professionals			
Type of Fee—FY 2015-16	Proposed Fee	Number Affected	Total Fee Impact
Water Conditioning Contractor, Installer, and Principal Initial License	\$495	350	\$173,250
FY 2015-16 Total			\$173,250
Type of Fee—FY 2016-17	Proposed Fee	Number Affected	Total Fee Impact
Water Conditioning Contractor, Installer, and Principal Initial License	\$495	18	\$8,910
Water Conditioning Contractor, Installer, and Principal Renewal License	\$395	350	\$138,250
FY 2016-17 Total			\$147,160

TABOR Impact

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

State Expenditures

The bill increases expenditures in DORA by **\$158,494 in FY 2015-16**, and by **\$137,107 in FY 2016-17**. These costs are outlined in Table 2 and detailed below.

Table 2. Expenditures Under SB15-202		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$110,561	\$110,561
FTE	1.9 FTE	1.9 FTE
Operating Expenses and Capital Outlay Costs	11,211	1,805
Temporary Services	6,222	0
Legal Services	6,651	0
Centrally Appropriated Costs*	23,849	24,741
TOTAL	\$158,494	\$137,107

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

Division of Professions and Occupations—DORA. Because the bill increases the population of registered water conditioners, the DPO will add 1.6 FTE Inspector III and 0.3 FTE General Professional III to perform enforcement and program administration tasks. In addition, to handle the temporary workload related to initial registrations, the DPO requires two months of temporary assistance at an hourly rate of \$17.93 for 347 hours. Finally, the DPO requires one-time legal services costs of 70 hours at \$95.01 to assist with rulemaking and general counsel related to the new registration program. The DPO will also be required to update its outreach materials and website to reflect changes to the water conditioning registration program, but these efforts are expected to be accomplished within existing appropriations.

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 SB15-202*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$15,280	\$15,280
Supplemental Employee Retirement Payments	8,569	9,461
TOTAL	\$23,849	\$24,741

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

State Appropriations

The bill requires but does not include a cash fund appropriation of \$158,494 to the Department of Regulatory Agencies from the Division of Professions and Occupations cash fund in FY 2015-16. Of this amount, \$6,651 would be reappropriated to the Department of Law from the Department of Regulatory Agencies.

Effective Date

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

State and Local Government Contacts

Personnel and Administration

Regulatory Agencies