

Legislative Analysis



WAIVER OF INITIAL FEES FOR VETERANS

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Senate Bill 671 (Substitute H-1)
Sponsor: Sen. John Moolenaar

Senate Bill 672 (Substitute H-1)
Sponsor: Sen. Mike Green

House Committee: Military and Veterans Affairs
Senate Committee: Veterans, Military Affairs, and Homeland Security

Complete to 3-26-14

(Enacted as Public Acts 127 and 128 of 2014)

A SUMMARY OF SENATE BILLS 671 AND 672 AS REPORTED FROM HOUSE COMMITTEE ON 3-19-14

Senate Bill 671 would amend the State License Fee Act to require the Department of Licensing and Regulatory Affairs (LARA) to waive the fee for an initial license or initial registration, or an application processing fee charged for an initial license or initial registration, if the applicant had served in the armed forces and provided LARA with a form DD214, DD215, or any form that is satisfactory to the department that demonstrates the applicant was separated from that service with an honorable character of service or under honorable conditions (general) character of service. (Proposed MCL 338.2204)

Senate Bill 672 would amend the Private Security Business and Security Alarm Act to waive initial licensee fees and application fees for veterans in a similar way. That act licenses security alarm system contractor businesses, private security guards, private security police, and private security guard businesses. The bill also adopts the discharge language cited above in various other places in the act. The act currently requires a license applicant to pay a fee of \$500, if it is a security alarm system contractor; \$200, if the applicant is a sole proprietorship; or \$300 if it is a private security guard firm, company, partnership, limited liability company, or corporation. Under the bill, the \$200 fee would be required if an applicant were an individual or sole proprietorship, and the \$300 fee would be required if the applicant were an entity. (MCL 338.1056 et al.)

The bills would take effect 90 days after being enacted into law.

FISCAL IMPACT:

Senate Bills 671 and 672, as passed by the Senate, would have a negative fiscal impact on the Corporations, Securities, and Commercial Licensing Bureau (CSCLB) to the extent that veterans receiving an Honorable or General discharges from the armed services are exempted from paying application processing and initial licensure fees.

According to the U.S. Department of Veteran Affairs, there were 320,475 veterans between the ages of 25 and 64 years old residing in Michigan as of September 30, 2013. The discharge status of these veterans is unknown, but assumed to be either Honorable or

General for the purpose of this analysis. According to the American Community Survey conducted by the U.S. Census Bureau, the five-year average population between the ages 25 and 64 years old residing in Michigan was 5.2 million in 2012. Based on the above data, veterans constitute 6.14% of Michigan's population between the ages of 25 and 64; the ages assumed to be the most likely during which individuals would apply for occupational licenses issued by the CSCLB.

The tables below exhibit the number of licensure applications submitted by individuals during FY 2012-13, the nonrefundable fees paid by applicants, and the annual amount of revenue generated by such fees if veterans are equally as likely as the entire population to apply for each of the occupational licenses encompassed by the amendments under SBs 671 and 672. The total amounts are equivalent to an annual revenue loss of \$130,998 under SB 671 and \$1,364 under SB 672.

SB 671	FY 13 Licensure	Nonrefundable Fees		Annual
Occupational License	Applications	Application	Licensure	Revenue Loss
Public Accountant	1,133	\$100	\$200	\$20,884
Architect	254	\$30	\$70	\$1,561
Professional Engineer	1,077	\$30	\$80	\$7,279
Land Surveyor	10	\$35	\$100	\$83
Landscape Architect	36	\$200	\$120	\$708
Student Barber	222	\$20	\$60	\$1,091
Barber	182	\$20	\$60	\$895
Student Instructor (Barber)	2	\$20	\$60	\$10
Barber Instructor	53	\$20	\$80	\$326
Collection Agency Manager	92	\$35	\$50	\$480
Professional Community Planner	1	\$35	\$100	\$8
Cosmetologist, etc.	6,232	\$15	\$48	\$24,123
Employment or Consulting Agent (Personnel)	0	\$30	\$40	\$0
Auctioneer	0	\$50	\$400	\$0
Forester	7	\$50	\$80	\$56
Hearing Aid Dealer	20	\$20	\$160	\$221
Hearing Aid Salesperson	26	\$20	\$100	\$192
Hearing Aid Trainee	56	\$10	\$80	\$310
Real Estate Broker and Associate Broker	2,009	\$35	\$108	\$17,652
Real Estate Salesperson	4,175	\$10	\$78	\$22,574
Certified General Real Estate Appraiser	64	\$35	\$350	\$1,514
Certified Residential Real Estate Appraiser	37	\$35	\$350	\$875
State Licensed Real Estate Appraiser	31	\$35	\$350	\$733
Limited Real Estate Appraiser	96	\$35	\$250	\$1,681
Residential Builder, etc.	2,271	\$15	\$180	\$27,209
Mortuary Science	50	\$20	\$80	\$307
Resident Trainee	49	\$15	\$60	\$226
Ocularist	0	\$35	\$40	\$0
Apprentice Ocularist	0	\$35	\$20	\$0
Total (SB 671)	18,185			\$130,998

POSITIONS:

Department of Licensing and Regulation supports the bills. (3-5-14)

Department of Military and Veterans Affairs testified in support of the bills. (3-5-14)

Burglar Fire Alarm Association of Michigan supports Senate Bill 672. (3-5-14)

Michigan Association of Realtors supports Senate Bill 671. (3-19-14)

Military Order of Purple Heart supports the bills. (3-5-14)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.