

Legislative Analysis



MECHANICAL CONTRACTORS FEES

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House Bill 4846 (Substitute H-3)

Sponsor: Rep. Gabe Leland

Committee: Appropriations

Complete to 12-5-08

A SUMMARY OF HOUSE BILL 4846 AS PASSED BY THE HOUSE 12-4-08

The bill would amend the Forbes Mechanical Contractors Act, 1984 PA 192, MCL 338.980, by increasing various license fees for mechanical contractors, as shown in the chart below.

License	Current Law	HB 4846	Previous Fee Revisions
Examination	\$25.00	\$100.00	Not changed since enactment in 1984
Initial License (per year)	\$75.00	\$100.00	Set at \$25 with 1984 PA 192 Increased to \$75 with 1989 PA 105.
Renewal License (per year)	\$75.00	\$100.00	Set at \$25 with 1984 PA 192; Increased to \$75 with 1989 PA 105 Decreased to \$66.67/yr for 1998-2001 license period with 1997 PA 119

The bill further provides that the fees would be subject to periodic adjustment (increase or decrease) by the Department of Labor and Economic Growth, based on annual percentage changes in the salaries and wages of the department's classified workforce. Each year, the department would calculate that percentage increase and multiply that amount by the amount of each fee established in the bill. If the cumulative amount calculated equates to an increase of at least 10% for the fee assessed since the most recent fee increase, the fee would increase by that amount. If the cumulative amount is less than 10% the fee would not increase. For example, if the classified salaries and wages increase by 2% for five consecutive years, the cumulative increase in salaries and wages after five years would be 10.0%. (This cumulative amount is just a straight summation of the percentage increases, rather than compounding the increases. For example, the if increases were compounded, the cumulative increase after the fifth year would be 10.4%) The fees under the bill would increase by 10.0% in that fifth year. In prior years, there would be not a fee increase. The chart below provides an example for any of the license fees under the bill (\$100):

	S&W Increase	Cumulative Increase	Fee x Cumulative Increase	Actual Fee
Year 1	2.0%	2.0%	\$102.00	\$100.00
Year 2	2.0%	4.0%	\$104.00	\$100.00
Year 3	2.0%	6.0%	\$106.00	\$100.00
Year 4	2.0%	8.0%	\$108.00	\$100.00
Year 5	2.0%	10.0%	\$110.00	\$110.00

The bill provides that the department would have to notify the State Budget Office, the Legislature, and the legislative fiscal agencies of the fee schedule under the act, the amounts amount calculated, and the amount of the fee increase, if any. The legislature would have 90 days to adopt a resolution rejecting the fee increase.

FISCAL IMPACT:

The bill would increase Construction Code Fund revenue by \$73,700 in Fiscal Year 2008-09 and by \$787,500 in Fiscal Year 2009-10.

Fiscal Analyst: Mark Wolf

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