

STORAGE NAME: h3295.brc

DATE: January 28, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS REGULATION AND CONSUMER AFFAIRS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 3295

RELATING TO: Fire Protection Contractors

SPONSOR(S): Representative Trovillion

COMPANION BILL(S): SB 818(i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS REGULATION AND CONSUMER AFFAIRS
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

Chapter 633, F.S., concerns fire protection, and designates the head of the Department of Insurance as the State Fire Marshal. This chapter contains licensure requirements for five classifications of fire protection system contractors (categories I, II, III, IV, V - a.k.a. "fire sprinkler contractors"), including requirements for 24 hours of continuing education (C.E.) annually for each licensee in the first four classifications, and 14 hours in the 5th classification. Currently, fire protection contractors must renew their license every year.

This bill makes three substantive changes:

- 1) It provides that licensees shall be required to renew their license every *two* years, rather than every year. Most licensees at other state agencies (the Department of Business and Professional Regulation and the Department of Health) require renewal every two years rather than every year, basically as a cost-saving strategy.
- 2) The bill changes the renewal fee from \$150 every year to \$225 every two years. This would mean a reduction in renewal revenues of \$37,000 every two years. However, it can be expected that the department will also experience a similar reduction in costs incurred, due to the fact that they would have to go through the exercise of processing renewals only once every two years rather than twice every two years.
- 3) It provides that rather than having to complete the 24 or 14 hour C.E. requirement each year, the licensees would have to complete that number of hours every *two* years. The next renewal date is June 30, 1998. The bill provides that for that initial renewal subsequent to the effective date of this act, the number of C.E. hours required shall be half (12 or 7, depending on the classification) of what will be required in the future.

There are approximately 500 licensed fire protection contractors in Florida.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Chapter 633, F.S., concerns fire protection, and designates the head of the Department of Insurance as the State Fire Marshal. This chapter contains licensure requirements for *five* classifications of fire protection system (a.k.a. "fire sprinkler") contractors. There are approximately 500 licensed fire protection contractors in Florida.

"Contractor I" means a contractor whose business includes the execution of contracts requiring the ability to lay out, fabricate, install, inspect, alter, repair, and service all types of fire protection systems, excluding preengineered systems.

"Contractor II" means a contractor whose business is limited to the execution of contracts requiring the ability to lay out, fabricate, install, inspect, alter, repair, and service water sprinkler systems, water spray systems, foam-water sprinkler systems, foam-water spray systems, standpipes, combination standpipes and sprinkler risers, all piping that is an integral part of the system beginning at the point where the piping is used exclusively for fire protection, sprinkler tank heaters, air lines, thermal systems used in connection with sprinklers, and tanks and pumps connected thereto, excluding preengineered systems.

"Contractor III" means a contractor whose business is limited to the execution of contracts requiring the ability to lay out, fabricate, install, inspect, alter, repair, and service CO₂ systems, foam extinguishing systems, dry chemical systems, and Halon and other chemical systems, excluding preengineered systems.

"Contractor IV" means a contractor whose business is limited to the execution of contracts requiring the ability to lay out, fabricate, install, inspect, alter, repair, and service automatic fire sprinkler systems for detached one-family dwellings, detached two-family dwellings, and mobile homes, excluding preengineered systems and excluding single-family homes in cluster units, such as apartments, condominiums, and assisted living facilities or any building that is connected to other dwellings.

"Contractor V" means a contractor whose business is limited to the execution of contracts requiring the ability to lay out, fabricate, install, inspect, alter, repair, and service the underground piping for a fire protection system using water as the extinguishing agent beginning at the point at which the piping is used exclusively for fire protection and ending no more than 1 foot above the finished floor.

Requirements for renewal of a license include 24 hours of continuing education (C.E.) annually for each licensee in the first four classifications, and 14 hours in classification V. Currently, fire protection contractors must renew their license every year at a cost of \$150. Most licensees at other state agencies (the Department of Business and Professional Regulation and the Department of Health) require renewal every two years rather than every year, basically as a cost-saving strategy.

Often, a certificateholder of a Contractor V license is also licensed as an Underground Utility and Excavation Contractor under chapter 489, F.S. The licensee is required to complete continuing education courses for both licenses that can be applied to or transferred from one license to another. Construction contractors are required to have 14 hours of C.E. before renewing their *biennial* license.

B. EFFECT OF PROPOSED CHANGES:

This bill makes three substantive changes:

- 1) It provides that fire protection contractors shall be required to renew their license every *two* years, rather than every year.
- 2) The bill changes the renewal fee from \$150 every year to \$225 every two years. This would mean a reduction in renewal revenues of \$37,000 every two years. However, it can be expected that the department will also experience a similar reduction in costs incurred, due to the fact that they would have to go through the exercise of processing renewals only once every two years rather than twice every two years.
- 3) It provides that rather than having to complete the 24 or 14 hour C.E. requirement each year, the licensees would have to complete that number of hours every *two* years. The next renewal date is June 30, 1998. The bill provides that for that initial renewal subsequent to the effective date of this act, the number of C.E. hours required shall be half (12 or 7, depending on the classification) of what will be required in the future.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

Not specifically.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

Yes. Rather than having to pay \$150 every two years in renewal fees, the licensees will have to pay \$225 biennially.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Sections 633.537, 633.524, and 633.60, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1. Amends s. 633.524, F.S., to provide that the biennial renewal fee shall be \$225, rather than having an annual renewal fee of \$150.

Section 2. Amends s. 633.537, F.S., to provide that the license shall expire after two years (rather than one) and that for that initial renewal subsequent to the effective date of this act (June 30, 1998), the number of C.E. hours required shall be half (12 or 7, depending on the classification) of what will be required in the future. Also eliminates obsolete language.

Section 3. Amends s. 633.60, F.S., to make a technical change to reflect moving from annual to biennial renewal.

Section 4. Provides that the act shall take effect upon becoming a law.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

There are approximately 500 licensed fire protection contractors in Florida. The department will lose approximately \$37,000 by going to a biennial renewal. However, it would appear that the department can expect to save a similar amount by having to perform only one renewal cycle every two years, rather than two during that same period.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Fire protection contractors will have a reduced number of continuing education hours to complete every two years, and a smaller renewal fee to bear.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION AND CONSUMER AFFAIRS:

Prepared by:

Legislative Research Director:

Gip Arthur

Lucretia Shaw Collins