

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2504

SPONSOR: Banking and Insurance Committee and Senator Geller

SUBJECT: Fire Prevention and Control

DATE: April 16, 1999                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Emrich</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable/CS</u>
2.	<u>Fournier</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

Chapter 633, F.S., establishes the regulatory and operational framework for fire protection for the state. The chapter designates the head of the Department of Insurance as the State Fire Marshal and contains licensure requirements for persons or firms engaged in the business of servicing, installing and inspecting fire extinguishers and preengineered fire suppression systems. Committee Substitute for Senate Bill 2504 provides for biennial licensure for fire equipment dealers (called licensees) and their employees (called permittees) and increases the fees for same. Current law provides that dealers and employees must renew their license annually. It provides that fees for licenses or permits issued for 1 year or less shall be prorated at 50 percent of the applicable fee and changes the continuing education requirements to authorize 32 hours within each 4 year period.

This committee substitute amends s. 633.061 of the Florida Statutes.

**II. Present Situation:**

The Division of State Fire Marshal (SFM) within the Department of Insurance is primarily concerned with protecting Florida residents and their property from the hazards of fire. One of the division's responsibilities is to inspect, train, license, and examine fire equipment dealers (licensees) and persons employed by such dealers (permittees). Pursuant to the provisions of chapter 633, F.S., the division currently issues licenses to 500 dealers and permits to 1,700 employees of fire equipment dealers.

As provided under s. 633.061, F.S., fire equipment dealers and employees must successfully complete a prescribed training course and be tested and licensed (or permitted) by the SFM. The current statute provides that such dealers and employees complete continuing education each 5 years and Rule 4A-21.113, F.A.C., specifies that 40 hours of continuing education be completed within that 5-year period. As such, these dealers and employees are authorized to inspect and install fire protection equipment and preengineered fire suppression systems. There are various

classifications of licensees and permittees and each applicant must carry proof of insurance providing certain coverages for comprehensive general liability for bodily injury and property damage, products liability, completed operations, and contractual liability. The Division of State Fire Marshall may take disciplinary action against licensees and permittees involving suspension or revocation of their license (permit).

Fire equipment dealers and employees must renew their license or permit on January 1 of each year at a cost ranging from \$10 to \$150 per license (permit). Each license (permit) represents the specific type of work performed and that accounts for the range in the cost of the license (permit). Last year, legislation was enacted for fire sprinkler contractors, also licensed by the SFM, to change their license renewal from every year to every 2 years (ch. 98-104, L.O.F.). Many state agencies which have licensure authority such as the Department of Business and Professional Regulation and the Department of Health provide renewal every 2 years rather than every year, basically as a cost-saving strategy. Representatives with the SFM state that biennial licensure will reduce the amount of paper work and staff time involved in processing licenses and permits.

**III. Effect of Proposed Changes:**

**Section 1.** Amends s. 633.061, F.S., 1998 Supplement, relating to license fees required for individuals and organizations servicing, inspecting, and installing fire extinguishers and systems, to increase the fees for specific types of licenses and permits which are categorized according to the specific type of work performed. Licenses are increased as follows: "Class A" license is increased to \$250 (currently \$150); "Class B and C" licenses are increased to \$150 (currently \$100); and "Class D" license is increased to \$200 (currently \$125). Permits are increased as follows: "Class 1, 2, and 3" permits are increased to \$90 (currently \$50), and "Class 4" permit is increased to \$120 (currently \$65).

Provides that licenses and permits shall be issued by the State Fire Marshall every 2 years beginning January 1, 2000, will expire December 31 of the second year, and that the fee for a license or permit issued for 1 year or less shall be prorated at 50 percent of the applicable fee for a biennial license or permit. Also, the bill provides 32 hours of continuing education for all licensees and permittees each 4 years, whereas currently 40 hours of continuing education is mandated to be completed within a 5-year period.

**Section 2.** Provides that the act will take effect January 1, 2000.

**IV. Constitutional Issues:**

**A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This committee substitute increases the licensing and permitting fees for fire extinguisher dealers and employees of such dealers. However, the bill also provides for biennial license renewal, rather than an annual renewal, and has the effect of reducing the overall amount of each license.

B. Private Sector Impact:

Fire extinguisher dealers and their employees will initially have to pay a higher licensing fee, but will only pay that fee every 2 years, rather than annually. This committee substitute would not have the effect of changing the number of hours required for continuing education, but would require submission of evidence of hours completed every 4 years rather than the current 5 year requirement.

C. Government Sector Impact:

The Department of Insurance provided the following estimate of revenues expected to be generated from the licensure provisions of the committee substitute and anticipated expenditures for computer programming changes. Representatives with the department state that the revenue estimate is based on the total number of licenses and permits subject to the 2 year renewal fee which would be effective on January 1, 2000, thus increasing revenues for the first year by approximately \$110,000. In the second year (FY 2000-01), there would not be a renewal cycle, thus, there would be no revenues generated except for applications filed in the middle of the cycle, at a prorated or reduced amount. In the third year (FY 2001-02), the renewal cycle would begin again, generating revenues of \$110,000. Since the Insurance Commissioner's Regulatory Trust Fund is subject to the General Revenue Service Charge, this bill will have a small impact on General revenue.

Department officials state that the non-recurring fiscal impact of the committee substitute would be the programming changes to the existing license system that are expected to take approximately 6 weeks to implement and cost \$10,000.

**Revenues and Expenditures Pertaining to Insurance Commissioner's  
Regulatory Trust Fund (ICRTF)**

	<b>FY 1999-00</b>	<b>FY 2000-01</b>	<b>FY 2001-02</b>
<b>Non-Recurring (Expense)</b>	<b>(\$10,000)</b>		
<b>Recurring Impact</b>	<b>\$110,000</b>	<b>(\$145,000)</b>	<b>\$110,000</b>
<b>TOTAL</b>	<b>\$100,000</b>	<b>(\$145,000)</b>	<b>\$110,000</b>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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