

Presentation on Professional Fees for the Department of Licensing and Regulatory Affairs (LARA)

House Appropriations Subcommittee on LARA

Representative Jeff Yaroch, Chair

Representative Matt Maddock, Majority Vice-Chair

Representative Ronnie Peterson, Minority Vice-Chair

June 17, 2021

The logo for the Department of Licensing and Regulatory Affairs (LARA) features the word "LARA" in a large, bold, blue sans-serif font. Below it, the words "LICENSING AND REGULATORY AFFAIRS" are written in a smaller, orange, all-caps sans-serif font. The text is enclosed within a stylized orange square frame that is open on the top and right sides.

LARA
LICENSING AND REGULATORY AFFAIRS

Restricted Licensing Fees

- License fees are deposited into a revenue object for each profession within the respective fund
- Due to different renewal cycles, revenues will fluctuate from year to year for different professions
- Fund balance totals will fluctuate with the different renewal cycles
 - For example, triennial renewal revenue is collected every three years.
 - This revenue will be used to support annual expenditures over the 3-year renewal period

Estimating Expenditures by Profession

- Total licensees for each profession are pulled as of 9/30 each year
- Expenditures are pulled for the entire Licensing and Regulation fund
 - Subtract Information Technology, Attorney General and Michigan Office of Administrative Hearings and Rules (MOAHR) expenditures
 - Direct fund expenditures remain
- Direct expenditures are allocated by profession based on the percent of total licenses

Additional Expenditure Estimates by Profession

- Share of DTMB IT costs
 - IT costs are spread to each profession based on the percentage of licenses
- Share of adjudicative actions
 - Allocations are based on the number of adjudicative actions per profession
- Share of enforcement actions
 - Allocations are based on the number of enforcement actions per profession

Public Acts

Profession	Public Act
Carnival/Amusement Safety	225 PA 1966
Cemetery Regulation	251 PA 1968
Forensic Polygraph Examiners	295 PA 1972
Prepaid Funeral Contract Providers	255 PA 1986
Professional Employer Organizations	370 PA 2010
Professional Investigators	285 PA 1965
Ski Area Safety	199 PA 1962
Transportation Network Company	345 PA 2016
Unarmed Combat	403 PA 2004
Vehicle Protection Product Warrantors	263 PA 2005
Security Alarm Contractors, Systems and Agencies	330 PA 1968

Profession	Public Act
Accountancy	152 PA 1979 State License Fee Act
Architects	
Barbers	
Collection Practices	
Cosmetology	
Hearing Aid Dealers	
Landscape Architects	
Mortuary Science	
Personnel Agencies	
Professional Engineers	
Professional Surveyors	
Real Estate Appraisers	
Real Estate Brokers and Salespersons	
Residential Builders, Maintenance & Alteration Contractors	

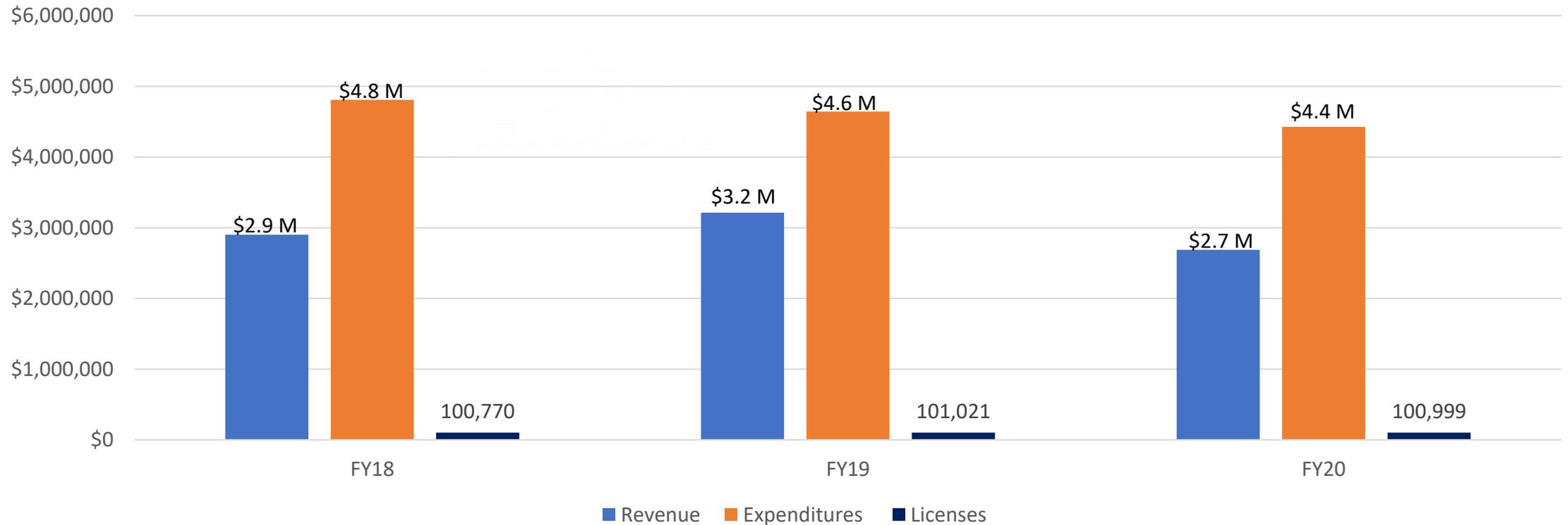
Licensing and Regulation Fund Deficit

- Revenue collections for the occupational professions are deposited into the Licensing and Regulation fund for each profession.
- Application and Licensing fees are used to support each profession within the fund.
- The projected balance for the fund is as follows:

Projected FY 21	Projected FY 22	Projected FY 23	Projected FY 24	Projected FY 25
\$3,916,900	\$58,972	\$1,234,900	(\$2,084,900)	(\$4,769,200)

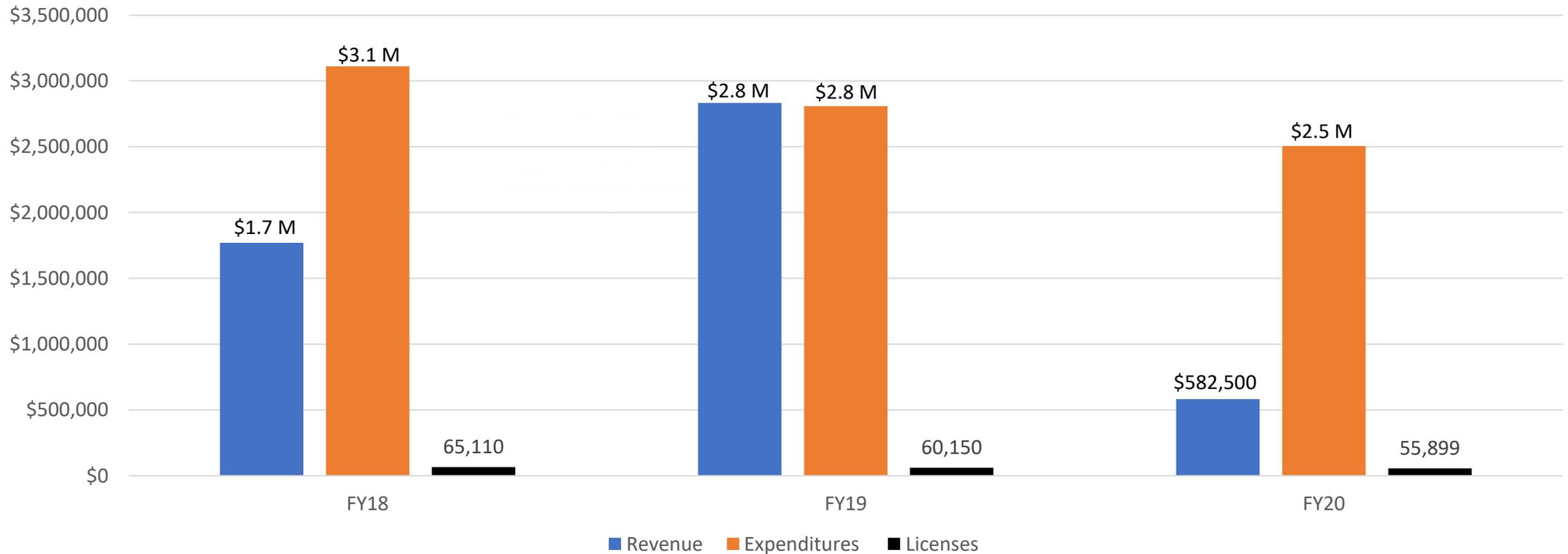
Cosmetology Profession

Revenue and Expenditure History



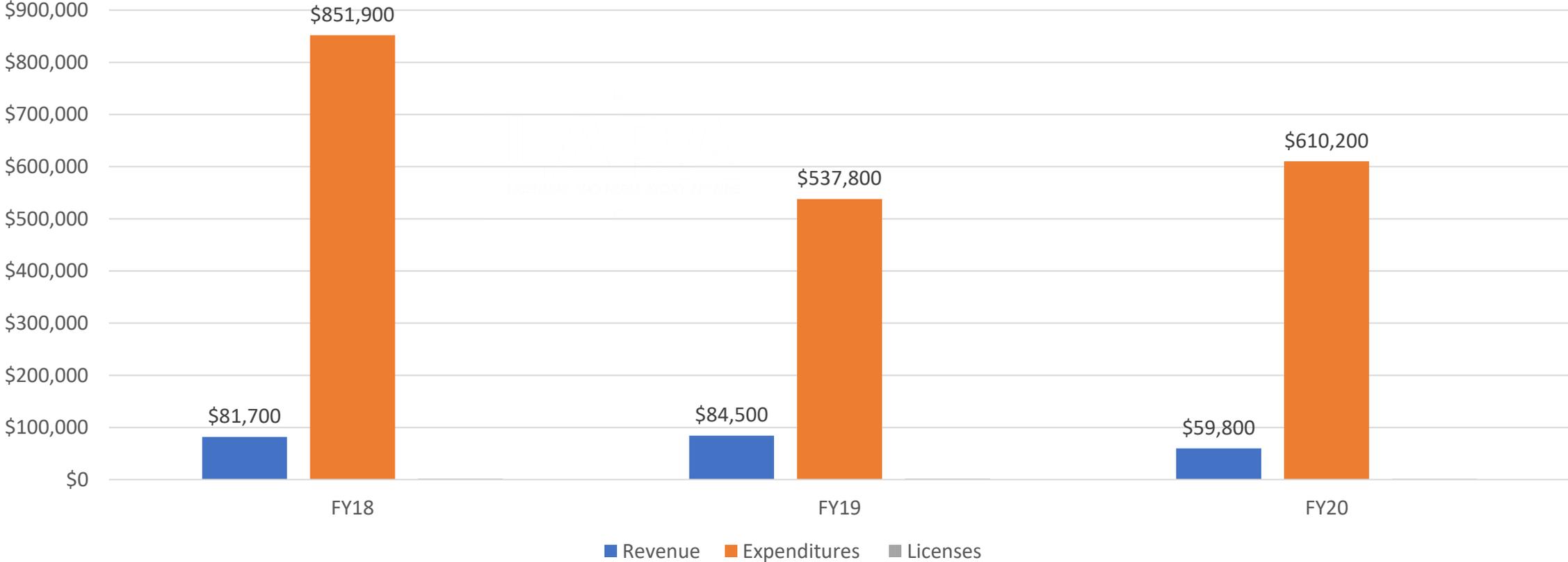
Real Estate Brokers and Salespersons

Revenue and Expenditure History



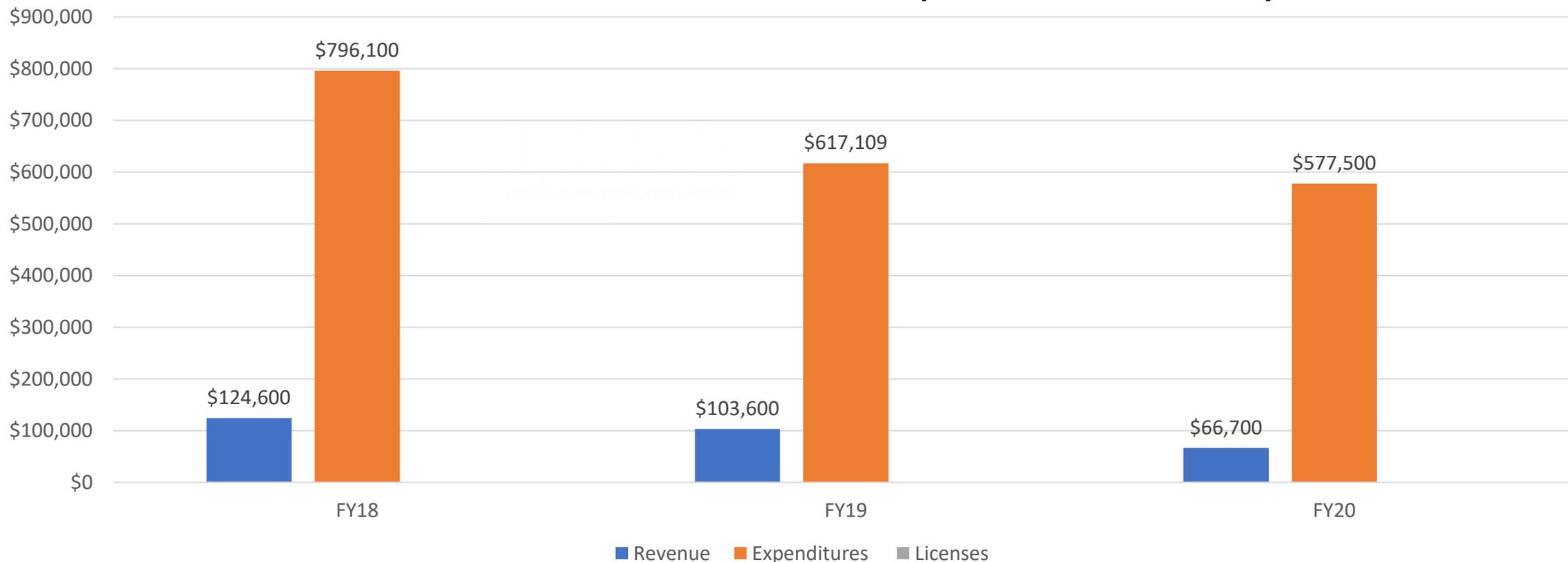
Ski/Amusement Safety Profession

Revenue and Expenditure History



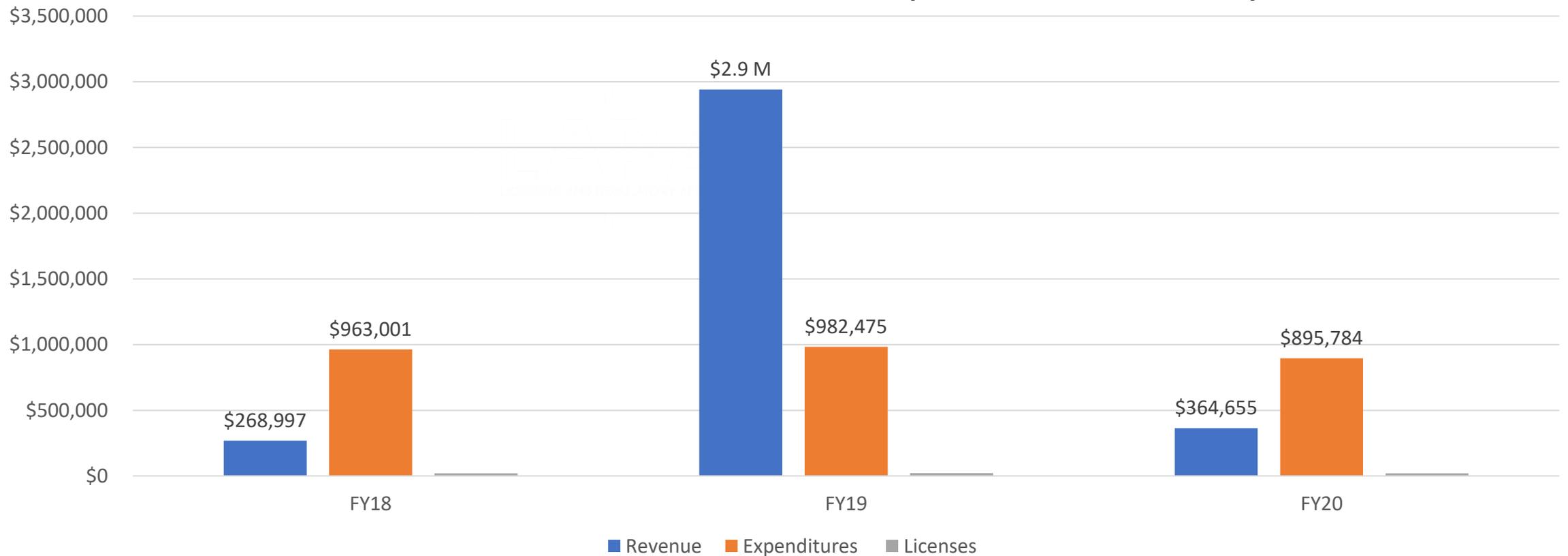
Michigan Unarmed Combat Profession

Revenue and Expenditure History



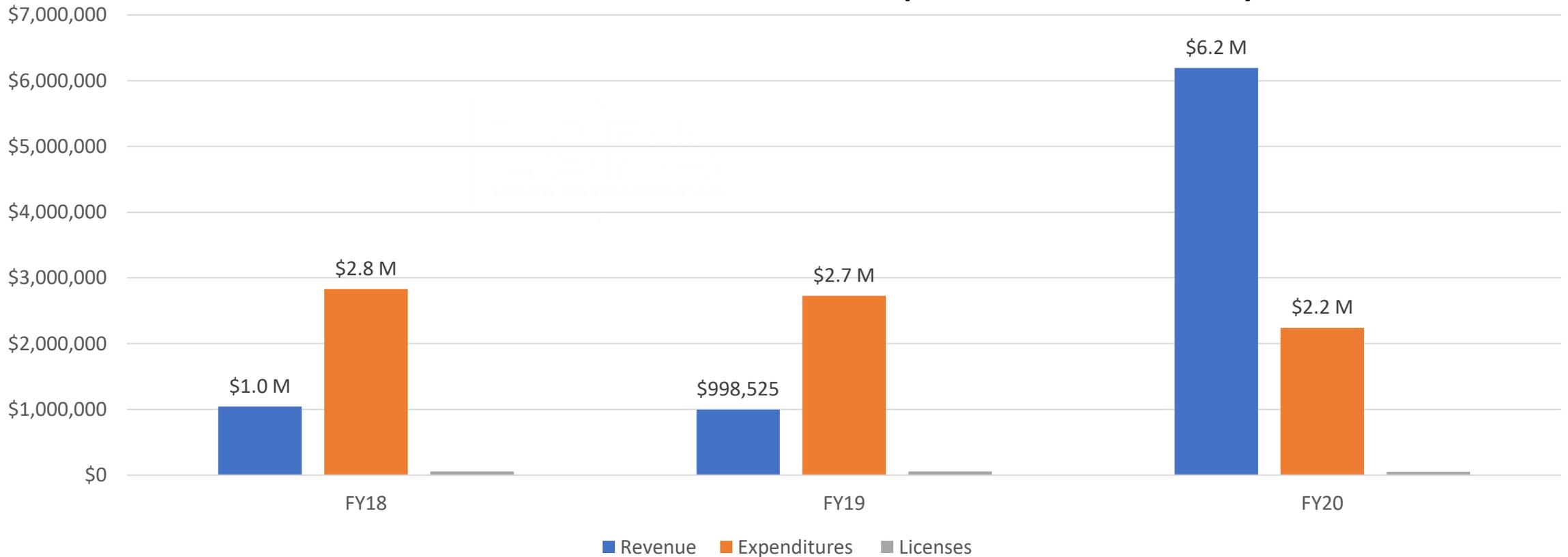
Accountancy Profession

Revenue and Expenditure History



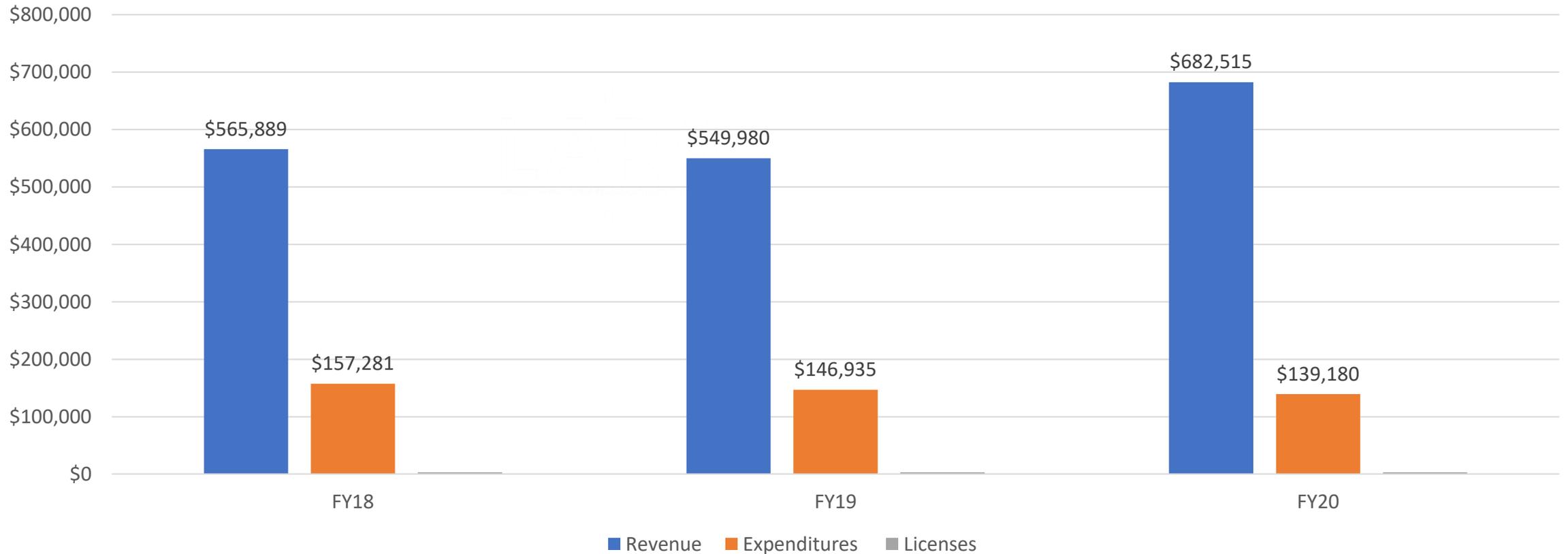
Residential Builders Profession

Revenue and Expenditure History



Real Estate Appraisers Profession

Revenue and Expenditure History



Customer Service Impact

- Insufficient revenue:
 - Prevents the timely issuance of licenses
 - Delays in investigations and enforcement actions
 - Threatens the health and safety of Michigan residents
 - Provides financial hardship on individuals waiting for license
 - Slows economic growth due to delayed licensing

Professions Affected

- Several of the Licensing and Regulation professions are set to sunset on 9/30/23 with fees reverting back to 2003 levels.

Profession
Barbers
Collection Practices
Cosmetology
Hearing Aid Dealer
Personnel Agencies
Professional Engineers
Professional Surveyors
Real Estate Appraisers
Real Estate Brokers and Salesperson

- Transportation Network Companies (sunsets on 3/21/23; cease to impose fees)
- Impact to Licensing and Regulation fund revenue is a reduction of approximately \$1.8 million



Thank You!

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