

HF2687 - 1A - "Radon Control Systems and Licenses Mod"

Chief Author: **Tim Sanders**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/12/2016**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	-	141	(36)	(97)	
Total	-	-	141	(36)	(97)	
Biennial Total			141		(133)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 4/12/2016 12:34:36 PM
 Phone: 651 259-3776 Email paul.b.moore@state.mn.us

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	-	141	(36)	(97)
Total	-	-	141	(36)	(97)
Biennial Total			141		(133)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
State Government Special Rev	-	-	141	(78)	(15)
Total	-	-	141	(78)	(15)
Biennial Total			141		(93)
2 - Revenues, Transfers In*					
State Government Special Rev	-	-	-	(42)	82
Total	-	-	-	(42)	82
Biennial Total			-		40

Bill Description

Amendment H2687-1A makes a number of policy changes and licensing fee amount reductions to Minn. Stat. 144.4961 enacted in 2015.

Section 1 adds a new definition of radon testing and mitigation data to Minn. Stat. chapter 13 and classifies the data as private data on individuals or nonpublic data.

Section 2 amends the Department of Health's (MDH) rulemaking authority by clarifying that the commissioner of health must adopt rules for establishing licensure requirements and work standards relating to indoor radon in dwellings or other buildings, with the exception of new construction under Minn. Stat. § 326B.106, subd. 6.

Section 3 amends the date when all radon mitigation systems installed in Minnesota must have a radon mitigation system tag attached to the radon mitigation system by a radon mitigation professional from October 1, 2017 to January 1, 2018.

Section 4 amends the license requirement by clarifying that a person, firm, or corporation that sells a device is not required to obtain an annual license from MDH.

Section 5 amends the current exemptions provision in Minn. Stat. 144.4961 by modifying radon systems as radon control systems and adds three new exemptions: 1) Employees of a firm or corporation that install radon control systems in newly constructed Minnesota homes; 2) Person authorized as a building official under Minnesota Rules part 1300.0110; and 3) Person, firm, corporation or entity that distributes radon testing devices or information for general education purposes.

Section 6 amends the licensing fees and makes several policy clarifications.

Clause (1). The annual fee for a measurement professional license is changed to \$150 from \$300 and language listing examples of measurement professional related work activities is stricken.

Clause (2). The annual fee for a mitigation professional license is changed to \$250 from \$500. Mitigation professional definition is amended to mean an individual who installs or designs a radon mitigation system and removes reference to an individual who provides professional or expert advice on radon mitigation or radon entry routes or who makes representation of doing such work. On-site supervision is defined.

Clause (3). The annual fee for a mitigation company license is changed to \$100 from \$500 and language regarding sole proprietorship is clarified to mean a mitigation company that employs only one licensed mitigation professional.

Section 7 adds a new section relating to local inspections or permit which clarifies that Minn. Stat. 144.4961 does not preclude local units of government from requiring additional permits or inspection for radon control systems, and does not supersede any local inspection or permit requirements.

Section 8 amends the session law enacting Minn. Stat. 144.4961 by extending the effective date of the system tag requirement and the annual license requirement from October 1, 2017, to January 1, 2018.

Assumptions

Sections 1, 2, 4, 5, and 7 clarify various aspects of the radon licensing program. Since these clarifications are consistent with how MDH expected the program to operate, there is no fiscal impact to these changes.

Sections 3, 6, and 8 change fee levels and effective dates from the legislation enacted last session; these changes have a fiscal impact. The changes in section 6 that clarify the individuals and entities that pay the fees have no fiscal impact because these clarifications are consistent with how MDH expected the program to operate. The changes in fee levels are the only parts of section 6 that have a fiscal impact.

Delaying implementation by 3 months reduces the fee revenue collected from the radon system tag from 9 months to 6 months in FY 2018. The reduction in fee rates reduces the fees collected from each licensed mitigation professional, measurement professional, and mitigation company. However, these impacts are offset by a projected increase in the number of entities that will be licensed under the current law. To complete the fiscal note, the department consulted the same data sources used last year to estimate the number of entities to be licensed and the number of mitigation systems to be installed. Updated data from those sources now reflects increased numbers of mitigation professionals, measurement professionals, mitigation companies, and mitigation systems installed compared to the data used to develop the fiscal estimates last year. After incorporating the updated data on licensed entities and installed systems into the revenue projections, the lower fee amounts are still sufficient to recover the cost of the program over the standard five-year time horizon for balancing costs and revenues. In addition to updating the revenue projections, the fiscal note also reflects revised estimates for the timing of start-up costs and includes some cost reductions in FY 2019 and beyond to help balance the delayed implementation of the fees. Staff time to develop rules and costs to complete a radon licensing IT application to track licensees and mitigation tags are moved to FY 2017. Small reductions in staff cost and non-salary expenses totaling \$15,000 per year are included in FY 2019 and beyond relative to the original legislation.

Expenditure and/or Revenue Formula

Current Law

EXPENDITURES	SFY16	SFY17	SFY18	SFY19
Salary and Fringe Benefits	0	0	197	197
Other Operating Costs	100	50	72	54
Grants	0	0	0	0
Administrative Services	0	0	0	0
OR Indirect Cost	22	11	60	56
TOTAL EXPENSES	122	61	329	307
TOTAL REVENUES	0	0	300	365

HF 2687-1A Revisions

EXPENDITURES	SFY16	SFY17	SFY18	SFY19
Salary and Fringe Benefits	0	48	161	199
Other Operating Costs	100	120	48	44
Grants	0	0	0	0
Administrative Services	0	0	0	0
OR Indirect Cost	22	34	42	49
TOTAL EXPENSES	122	202	251	292
TOTAL REVENUES	0	0	258	447

	FY 2016	FY 2017	FY 2018	FY 2019
Spending change	0	141	-78	-15
Revenue change	0	0	-42	82
Net change	0	141	-36	67

Long-Term Fiscal Considerations

Local Fiscal Impact

Section 7 clarifies that the radon licensing program does not preclude local units of government from requiring additional permits or inspections for radon control systems, and does not supersede any local inspection or permit requirements.

References/Sources

Agency Contact: Abigail Mosher (651-201-3947)

Agency Fiscal Note Coordinator Signature: Abigail Mosher

Phone: 651 201-3947

Date: 4/12/2016 12:34:20 PM

Email: abigail.mosher@state.mn.us