



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0148

Title: Pool inspection fee

Primary Sponsor: Grinde, W.

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$51,035	\$49,035	\$49,751	\$50,485
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$51,200	\$51,200	\$51,200	\$51,200
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal Impact:

This bill proposes an increase in fees for pool and spa inspections which will result in an estimated increase of revenue and expenditures of \$51,200 annually.

FISCAL ANALYSIS

Assumptions:

1. Revenue for licensing fees by the Department of Public Health and Human Services (DPHHS):
 - a. It is assumed that larger county local health inspection boards (LHIBs) in Montana will perform the inspections, whereas smaller county LHIBs will not perform them. The reason is that the larger counties have the resources and expertise to perform the inspections and the smaller ones do not.
 - b. Under the current proposal, license fees will be assessed on a per-unit basis, dependent on the number of pools and spas versus the current flat facility rate. The reason is that a facility with

multiple pools takes more time to inspect than a facility with a single spa. The proposed fees are \$200 per pool and \$75 per spa.

- c. Currently, there are two types of licenses: 1) Type-P licenses, which are for facilities with public accommodations, such as hotels or apartment complexes, and 2) Type-S licenses, which are for facilities without public accommodations, such as municipal pools or athletic clubs.
- d. The Department currently performs an estimated 125 annual Type-P inspections at a fee of \$50.00 per inspection; and currently performs an estimated 150 annual Type-S inspections at a fee of \$75.00 per inspection.
- e. The number of Type-P inspections will decrease from 125 to 100 inspections.
- f. The number of Type-S inspections will increase from 150 to 250.
- g. It is estimated that 100 Type-P licenses at the proposed fee of \$75.00 will be issued, representing \$1,250 in additional annual revenue:
 - i. Current revenue: \$50.00 per Type-P inspection x 125 inspections = \$6,250.
 - ii. Proposed revenue: \$75.00 per spa inspection x 100 inspections = \$7,500.
 - iii. Estimated revenue increase for spa is \$1,250 (\$7,500, less \$6,250).
- h. It is estimated that 250 Type-S licenses at the proposed fee of \$200.00 will be issued, representing \$38,750 in additional annual revenue:
 - i. Current revenue: \$75.00 per Type-S inspection x 150 inspections = \$11,250.
 - ii. Proposed revenue: \$200.00 per pool inspection x 250 inspections = \$50,000.
 - iii. Estimated revenue increase for pool inspections is \$38,750 annually (\$50,000, less \$11,250).
- i. No additional revenue will be recognized for late renewal fees.
2. Revenue for plan review relating to the design or implementation by the Department:
 - a. 28 reviews will be conducted annually by the DPHHS.
 - b. It is estimated that the average fee for each review will be \$400.00.
 - c. Therefore, revenue received by DPHHS will be \$11,200 annually for plan reviews.
3. Total annual revenue increase is estimated at \$51,200, which is calculated as follows:
 - a. [\$1,250 for Type-P inspections] + [\$38,750 for Type-S inspections] + [\$11,200 for plan reviews] = \$51,200 increase annually.
4. Expenditures:
 - a. No additional FTE will be required. Departmental inspections will be provided by existing staff.
 - b. DPHHS will perform 40 % of the inspections, and the LHIBs will perform 60 % of the inspections throughout the State.
 - c. The Department shall remit 85 % of the license fees collected to the LHIBs for those inspections completed by the LHIBs. The estimated amount that will annually pass through to the counties is \$20,400:
 - i. [(\$1,250 for Type-P inspections + \$38,750 for Type-S inspections = \$40,000) x 60 % for inspections conducted by the LHIBs = \$24,000 x 85 % remittance to the LHIBs = \$20,400].
 - d. \$2,000 in legal expenditures will be incurred only during FY 2008 for rule writing.
 - e. Inspections will be conducted twice annually. Currently, inspections are conducted once per year.
 - f. Additional travel costs incurred by DPHHS are estimated at \$28,635 annually for education and training, with a 2.5% inflation increase in FY 2010 and FY 2011.
 - i. Trips will increase by 15 annually.
 - ii. 15 trips x \$60.00 lodging per diem x 23 nights = \$20,700.
 - iii. 15 trips x \$23.00 meals per diem x 23 days = \$7,935.
5. Total expenditures are estimated at \$51,035 for FY 2008; and \$49,035 for FY 2009, \$49,751 for FY 2010, and \$50,485 for FY 2011.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$30,635	\$28,635	\$29,351	\$30,085
Transfers	<u>\$20,400</u>	<u>\$20,400</u>	<u>\$20,400</u>	<u>\$20,400</u>
TOTAL Expenditures	<u>\$51,035</u>	<u>\$49,035</u>	<u>\$49,751</u>	<u>\$50,485</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	<u>\$51,035</u>	<u>\$49,035</u>	<u>\$49,751</u>	<u>\$50,485</u>
TOTAL Funding of Exp.	<u>\$51,035</u>	<u>\$49,035</u>	<u>\$49,751</u>	<u>\$50,485</u>
<u>Revenues:</u>				
State Special Revenue (02)	<u>\$51,200</u>	<u>\$51,200</u>	<u>\$51,200</u>	<u>\$51,200</u>
TOTAL Revenues	<u>\$51,200</u>	<u>\$51,200</u>	<u>\$51,200</u>	<u>\$51,200</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$165	\$2,165	\$1,449	\$715

Effect on County or Other Local Revenues or Expenditures:

- Counties are not required to conduct their own inspections and often delegate authority back to the state. It is assumed, that at the current license fee rates, counties will not pick up pool inspections, because they are not cost effective, and additional counties may drop pool inspection programs. It is assumed that if license fees increase, larger counties may increase their pool inspection activities.

Sponsor's Initials

Date

Budget Director's Initials

Date