

# Fiscal Note

**BILL #** HB 2267

**TITLE:** professional licensure fees; waiver; reduction

**SPONSOR:** Grantham

**STATUS:** House Engrossed

**PREPARED BY:** Lauren Jorgensen

## Description

The bill would require regulatory boards and agencies as specified in the bill to provide a one-time licensure or certification fee waiver or reduction if the entity determines its ending fund balance will exceed 50% of the current fiscal year appropriation from that fund. The boards would be required to reduce the ending fund balance to no more than 50% of the current fiscal year appropriation in the upcoming fiscal year.

## Estimated Impact

We estimate that the bill will reduce General Fund revenue as statute requires regulatory boards and agencies to deposit 10% of licensing revenues in the General Fund. The fiscal impact of the bill is dependent on future legislative and agency actions. Based on a review of FY 2021 estimated ending fund balances and appropriations, 25 agencies are projected to have a balance exceeding the 50% threshold. We project that the resulting fee reduction would reduce General Fund revenue by up to \$(6.0) million and non-General Fund fee revenue by \$(54.1) million.

## Analysis

By September 1<sup>st</sup> of every fiscal year, each specified board or agency would be required to determine whether it expects its licensing fund balance to exceed 50% of the appropriations from that fund in the current fiscal year. If the licensing entity's ending fund balance is projected to be above 50% of the appropriation in the current fiscal year, the board would be required to adopt a one-time waiver or reduction from licensure or certification renewal fees to reduce its balance in the upcoming year below 50% of its appropriation. The waiver or reduction must be provided in the upcoming fiscal year or within the normal schedule for renewing licenses or certificates if that schedule is longer than one year.

Of the 29 regulatory boards and agencies included in the bill, 25 have projected FY 2021 licensing fund ending balances that exceed 50% of its appropriation. The regulatory boards, along with their FY 2021 ending balances as projected in September 2020, are included in *Table 1*. The sum of the balances above 50% of the agencies' appropriations is \$54.1 million. Once the fee reductions are implemented, potentially over multiple years, the General Fund share of the reduced revenue would be \$(6.0) million and the agency fee revenue would decline by \$(54.1) million.

The precise revenue reduction will depend on several factors. For example, some license types are renewed annually, while others operate on a multi-year renewal schedule. Therefore, boards that offer multi-year license types may have revenue streams that vary from year to year, which will affect the calculations required by the bill. Additionally, the bill allows exceptions to the 50% rule for one-time capital, information technology, and similar costs in their budget submissions.

## Local Government Impact

None

**JLBC**

Table 1

**Regulatory Boards FY 2021 Budget Information**

<u>Agency Name</u>	<u>FY 2021 Fund Balance</u>	<u>% of FY 2021 Appropriation</u>	<u>Excess balance above 50% of appropriation</u>
Arizona State Board of Accountancy	\$2,539,600	121%	\$1,490,300
Board of Barbers	\$665,500	159%	\$455,900
Board of Cosmetology	\$12,703,700	670%	\$11,755,000
Registrar of Contractors	\$632,300	5%	\$0
State Board of Funeral Directors and Embalmers	\$594,500	148%	\$393,900
State Board of Technical Registration	\$4,759,300	210%	\$3,627,700
State Board for Private Postsecondary Education	\$150,300	34%	\$0
Acupuncture Board of Examiners	\$150,300	83%	\$59,900
Arizona Board of Osteopathic Examiners in Medicine and Surgery	\$2,730,000	263%	\$2,211,000
Arizona Medical Board <sup>1/</sup>	\$8,315,600	115%	\$4,701,700
Arizona State Board of Pharmacy	\$8,487,100	316%	\$7,142,300
Arizona State Veterinary Medical Examining Board	\$3,441,300	557%	\$3,132,100
Board of Athletic Training	\$259,500	199%	\$194,200
Board of Behavioral Health Examiners	\$3,784,500	208%	\$2,875,400
State Board of Chiropractic Examiners	\$518,300	115%	\$293,000
State Board of Dispensing Opticians	\$344,000	215%	\$264,100
Board of Examiners Nursing Care Institution Administrators and Assisted Living Facility Managers	\$487,800	104%	\$252,600
Board of Homeopathic and Integrated Medicine Examiners	\$67,100	144%	\$43,800
Board of Massage Therapy	\$1,369,700	282%	\$1,126,600
State Board of Nursing	\$9,422,400	191%	\$6,958,600
Board of Occupational Therapy Examiners	\$857,200	419%	\$754,800
State Board of Optometry	\$475,400	192%	\$351,300
Board of Physical Therapy	\$1,653,300	322%	\$1,396,300
State Board of Podiatry Examiners	\$148,500	87%	\$62,700
Board of Respiratory Care Examiners	\$113,100	34%	\$0
Naturopathic Physicians Medical Board	\$134,200	68%	\$35,400
State Board of Dental Examiners	\$3,707,700	294%	\$3,077,100
State Board of Psychologist Examiners	\$1,750,200	330%	\$1,485,200
<b>Total Revenue of Boards and Agencies Exceeding 50% of Appropriation</b>			<b>\$54,140,900 <sup>2/</sup></b>

<sup>1/</sup> The Arizona Regulatory Board of Physician Assistants resides within the Arizona Medical Board. All Physician Assistants' revenue is reflected in this line.

<sup>2/</sup> Because the agency reduction share of \$54.1 million reflects the 90% share retained by the agency, the General fund reduction share is \$6.0 million (10%).