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INTRODUCED BY Senate BILL NO. 348
W.C. Blum

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING ONE-STOP LICENSING FOR BUSINESS AND PROFESSIONAL LICENSES; EXPANDING THE PURPOSE AND DUTIES OF THE SMALL BUSINESS LICENSING COORDINATION CENTER; PROVIDING A STATE SPECIAL REVENUE ACCOUNT; AMENDING SECTIONS 30-16-101, 30-16-102, 30-16-103, 30-16-201, AND 30-16-301, MCA; AND PROVIDING AN APPLICABILITY DATE."

WHEREAS, the number of state licenses, applications, and information required for new businesses and professional occupations and the renewal of existing business and professional licenses result in duplication and place an undue burden on businesses and individuals; and

WHEREAS, providing a convenient, accessible, and timely one-stop system for all business and professional licensees would reduce the frustration now experienced by the public in dealing with the current licensing procedures; and

WHEREAS, providing a one-stop system for the business and professional community in which information is available to the community concerning all state licensing and regulatory requirements would reduce costs and public frustration.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Issuance of licenses -- master application and fees -- action by regulatory agency. (1) A person required to obtain one or more business or professional licenses shall contact the small business and professional licensing coordination center provided for in 30-16-201 for a copy of the application for the individual license or, if appropriate, a copy of the master application requesting the issuance of the licenses.

(2) The master application must contain in consolidated form the information necessary for the applicant to be issued the license, including any required fees or forms necessary for licensing.

(3) The applicant shall include with the application form all fees required for the requested individual license.

1 (4) Except as provided in subsection (5), the department is authorized to issue those licenses for
2 which the proper fee payment and a completed application form have been received and for which no
3 preclicensing or renewal approval action is required by a regulatory agency.

4 (5) The authority of the department to issue a license does not apply to the issuance or renewal
5 of a license that requires a preclicensing or renewal investigation, inspection, testing, or other judgmental
6 review by the regulatory agency legally authorized to issue the license.

7 (6) Upon receipt of the application and proper fee payment for any license for which issuance is
8 subject to regulatory agency action under subsection (5), the department shall immediately notify the
9 regulatory agency with authority to approve issuance or renewal of the license requested by the applicant.

10 (7) Each regulatory agency shall, within a reasonable time after receiving the notice, advise the
11 department that:

12 (a) the agency approves the issuance of the requested license and will advise the applicant of any
13 specific conditions required for issuing the license;

14 (b) the agency denies the issuance of the license and will give the applicant reasons for the denial;

15 or

16 (c) the application is pending.

17 (8) The department shall issue a master license endorsed for all the approved licenses to the
18 applicant and advise the applicant of the status of other requested licenses. The applicant is responsible
19 to contest the decision regarding conditions imposed or licenses denied pursuant to the procedures
20 established by statute or by the agency with the authority for approving issuance of the license.

21 (9) The department shall provide each regulatory agency with information from the master
22 application for its licensing and regulatory functions.

23 (10) All fees collected by the department must be deposited in the license fund established by
24 [section 2].

25
26 **NEW SECTION. Section 2. Master license fund.** There is created an account in the state special
27 revenue fund. Money in the account must be allocated to the department to pay the costs associated with
28 this chapter.

29
30 **Section 3.** Section 30-16-101, MCA, is amended to read:

1 **"30-16-101. Short title.** This chapter may be cited as the "Montana Small Business and
2 Professional Licensing Coordination Act"."

3
4 **Section 4.** Section 30-16-102, MCA, is amended to read:

5 **"30-16-102. Purpose.** The purposes of this chapter are to:

6 (1) eliminate licensing requirements, administrative procedures, and forms that are unnecessary
7 for the protection of the public interest;

8 (2) streamline and minimize the total government and business costs of necessary licensing and
9 inspection procedures;

10 (3) distribute equitably the costs of licensing; ~~and~~

11 (4) provide a convenient, accessible, and timely system for the business and professional
12 community to acquire and maintain the necessary state registrations and licenses to conduct business-;

13 (5) provide a system that will enable state agencies to efficiently store, retrieve, and exchange
14 license information as authorized under state and federal law;

15 (6) provide, at a designated location, the application form or forms to be completed by an applicant
16 who is required to obtain a business or professional license;

17 (7) provide a statewide system of common business and professional identification; and

18 (8) institute for appropriate businesses or professions a master licensing system that will reduce
19 the paperwork burden on businesses and promote the elimination of obsolete and duplicative licensing
20 requirements by consolidating existing licenses and applications."

21
22 **Section 5.** Section 30-16-103, MCA, is amended to read:

23 **"30-16-103. Definitions.** As used in this chapter, the following definitions apply:

24 (1) "Board of review" means the body established to provide policy direction to the department in
25 designing and recommending to the legislature the implementation of a plan for a business registration and
26 licensing system.

27 (2) "Department" means the department of commerce established in 2-15-1801.

28 (3) (a) "License" means the whole or part of any agency permit, license, certificate, approval,
29 registration, or charter or any form or permission required by law or administrative rule to engage in any
30 profession, occupation, or any retail, wholesale, consumer service, manufacturing, or distributing activity.

1 (b) License does not include licenses, permits, or registrations issued under Title 30, chapter 10,
2 parts 1 through 3, Title 33, Title 37, chapter 61, and Title 75, which are excluded from the coverage of
3 this chapter.

4 (4) "Master application" means a document incorporating pertinent data from existing applications
5 for licenses covered under this chapter.

6 (5) "Master license" means the single document designed for public display issued by the small
7 business and professional licensing coordination center that certifies state agency license approval and that
8 incorporates the endorsements for individual licenses included in the master license system that the state
9 requires for any person subject to this chapter.

10 ~~(4)(6)~~ "Person" means an individual, sole proprietorship, partnership, association, cooperative,
11 limited liability company, corporation, nonprofit organization, state or local government agency, or any other
12 organization required to register with the state to do business in Montana and to obtain one or more
13 licenses from the state or any of its agencies.

14 ~~(5)(7)~~ "Plan" means the business registration and licensing system document, which is under the
15 administrative control of the department.

16 (8) "Regulatory agency" means any state agency, board, commission, or division that regulates
17 one or more professions, occupations, industries, businesses, or activities."

18
19 **Section 6.** Section 30-16-201, MCA, is amended to read:

20 **"30-16-201. Designation of small business and professional licensing coordination center -- duties**
21 **of center.** The department shall administer a small business and professional licensing coordination center.
22 The small business and professional licensing coordination center shall:

23 (1) document and analyze current licensing requirements, fees, and procedures;

24 (2) recommend elimination of unnecessary licensing requirements, administrative procedures, or
25 forms or parts of forms that can be eliminated in the public interest;

26 (3) recommend efficient and effective improvements in the administration and enforcement of
27 licensing laws, including gathering of information that facilitates the development of a permanent master
28 license certificate;

29 (4) recommend revisions in the license fee structure to distribute the cost of licenses equitably and
30 to provide financing for continuing improvements in licensing administration and enforcement;

1 (5) develop and, upon request, distribute information concerning state requirements for starting
2 and operating a business in Montana;

3 (6) provide assistance to business enterprises to facilitate their compliance with state licensing
4 requirements;

5 (7) maintain a supply of license and permit forms or applications for all licenses and actively assist
6 the business and professional community in answering application questions;

7 (8) maintain a master list of the business types and professions existing in the state and a
8 corresponding list of the licenses or permits needed to operate in or start that type of business;

9 (9) develop a computerized system before January 1, 1999, capable of storing, retrieving, and
10 exchanging license information;

11 ~~(9)(10)~~ maintain a copy of the Administrative Rules of Montana in order to provide an applicant with
12 the basic rules of any agency with regard to licensing;

13 ~~(10)(11)~~ encourage agencies to provide informational brochures through the center, especially in
14 the case of complex licensing procedures;

15 ~~(11)(12)~~ maintain contact with licensing agencies in order to enable the center to assist an applicant
16 with setting up appointments or otherwise facilitate the application process; and

17 ~~(12)(13)~~ perform other administrative tasks delegated to the center to improve state business and
18 professional license administration; ~~and~~

19 ~~(13) on January 4, 1993, present a report to the legislature containing its analysis and~~
20 ~~recommendations as required in subsections (1) through (4)."~~

21
22 **Section 7.** Section 30-16-301, MCA, is amended to read:

23 **"30-16-301. Business registration and licensing plan -- duties. (1) ~~Before January 1, 1997, The~~**
24 **the department shall develop a plan:**

25 (a) to establish an information service detailing all state licenses that are required in order to engage
26 in a business or profession in Montana and the locations for applying for those licenses; and

27 (b) for a uniform method by which all state agencies may identify businesses and professions.

28 (2) The method developed under subsection (1)(b) must include a phased approach to:

29 (a) complete a requirements analysis and specification document, including an overview systems
30 design;

- 1 (b) complete a detailed requirements analysis, including a general systems design;
- 2 (c) establish interagency procedures for effectuating the plan;
- 3 (d) select those licenses that will be included in the initial implementation of the plan and the date
- 4 and manner in which the licenses will be integrated into the plan; and
- 5 (e) complete a cost-benefit analysis of the final implementation of the plan.
- 6 (3) The department shall ~~on January 2, 1997,~~ recommend to the legislature any statutory or
- 7 budgetary changes for implementing the plan.
- 8 (4) Each state agency shall review its licenses and recommend to the legislature on January 2,
- 9 ~~1997~~ 1999, those licenses that should be eliminated or consolidated and justify those that should be
- 10 retained.
- 11 (5) The department shall designate a deputy director in charge of the plan whose duties include
- 12 those of executive secretary of the board of review."

13

14 **NEW SECTION. Section 8. Codification instruction.** [Sections 1 and 2] are intended to be codified

15 as an integral part of Title 30, chapter 16, part 3, and the provisions of Title 30, chapter 16, part.3, apply

16 to [sections 1 and 2].

17

18 **NEW SECTION. Section 9. Applicability.** [This act] applies to business and professional licenses

19 issued, renewed, or reinstated on or after [the effective date of this act].

20

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0348, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring one-stop licensing for business and professional licenses; expanding the purpose and duties of the Small Business Licensing Coordination Center; providing a state special revenue account.

ASSUMPTIONS:

Department of Commerce/Economic Development Division:

1. The proposed legislation requires all applicants for state licenses except attorneys, environmental permitting, securities registration, and insurance regulation to apply and pay for license through the Department of Commerce (DOC).
2. DOC will develop a master application form for all state licenses required under the proposed legislation.
3. DOC can issue licenses directly to the applicant if pre-licensing or renewal approval action is not required by another state agency licensing authority. The DOC assumes that all licenses and renewals will require licensing authority pre-approval.
4. All applications will be received by DOC and keypunched into a yet-to-be-developed electronic database, transferred to the appropriate licensing agency(ies), reviewed by those agencies, determinations returned electronically to the DOC, and MDOC issuance of master and individual licenses to the applicant(s). The DOC assumes the following for new applications and renewals:

	POL Licensing	All Others	Totals
New Applications	9,000	4,000	13,000
Renewals	56,000	23,000	79,000

5. A computerized database would be designed and developed for the one-stop licensing proposal mandated by SB 348 before January 1, 1999. It is estimated that the systems analysis and database development will cost \$250,000 in fiscal year 1998.
6. It is estimated 1.00 FTE licensing supervisor, grade 16, 4.00 FTE customer service representative, grade 12, and 1.00 FTE clerical support, grade 9, would be needed in the Economic Development Division to implement SB 348. The estimated fiscal year 1998 and fiscal year 1999 personal services costs are \$168,656.
7. Annual operating expenses per FTE are estimated at \$10,000 per year.
8. Equipment costs in the first year of operation are estimated as follows: computer server, \$20,000; networking equipment for the capital complex, \$10,000; 6 personal computers for the new FTEs, \$21,000; and a laser printer, \$3,500. Fiscal year 1999 equipment costs are estimated to be \$10,000. Office equipment cost in the first year is estimated to be approximately \$2,000 per FTE or \$12,000.
9. SB 348 requires fees collected by DOC be deposited in the master license state special revenue account. It is difficult to quantify the revenue flow into the master license state special revenue account. As noted in assumption 4, about 79,000 business and professional licenses will be issued annually at an average cost of \$50 per license, resulting in \$3,950,000 annual revenues in the master license state special revenue account. See technical note number 2 for additional information regarding revenues.

(Continued)

Dave Lewis 2-20-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 BILL GLASER, PRIMARY SPONSOR DATE
 Fiscal Note for SB0348, as introduced

SB 348

Department of Agriculture:

10. Based on passage of SB 311 last legislative session, the board of review has spent two years studying this issue and is implementing the pilot project through current HB 391 (if passed by legislature).
11. The Department of Agriculture (DOA) would be required to develop licensing documentation, explanation of licensing and registration systems for 19 different types of licenses, registrations and permits for the DOC and board of review.
12. Of the 19 different types of licenses there are labeling, bonding, insurance and educational requirements that must be satisfied prior to issuance of license.
13. Analysis of conversion of licensing systems, evaluation of cost and effectiveness, and coordination of these efforts with the DOC and the board of review will be needed.
14. Based upon the direction of the board and DOC, DOA would be required to collect and evaluate additional information and compile reports.
15. DOA would have to calculate the actual expenditure cost of issuing licenses for implementing the system with the DOC.
16. The DOA would have to consult with 19 regulated industries, associations and groups to implement SB 348 at least twice within each fiscal year for informational and coordination purposes.
17. Currently all licenses and permits, except apiary registrations, are associated with state special funding.
18. Based upon bill directives there are many unknown factors which could affect the uncertain development of the system, making it difficult to estimate costs of implementation.
19. If a license is revoked under a new master license, the entire master license would have to be reissued.
20. The actual cost, if the system is implemented, cannot be determined.
21. All licensing qualifications and criteria would continue to be the responsibility of the DOA.
22. Legislation would be required to adopt a master licensing and registration system because some agricultural licenses by statute are issued on a staggered year basis or prior to conducting business, all with different renewal dates. There may be a conflict with Article XII, Section 1, Montana Constitution.

Department of Revenue:

23. The Department of Revenue (DOR) administers licensing of cigarette retailers and other vendors, as well as beer, wine, and liquor licenses. It is not clear in the bill if these particular licensing functions are to be a part of the new business and professional licensing system in the DOC, or if they are to stay in the DOR. The bill speaks to all business and professional licensing as if it would be done by the DOC, yet current law statutes requiring the DOR to issue cigarette and alcohol products licenses are kept intact.
24. It is assumed that the intent of the bill is to provide for a center where individuals could request the information and forms necessary to apply for licenses issued by the DOR, but that the actual issuance of the license would continue to be a function of DOR. There is very little impact on the DOR from an administrative cost standpoint. It is difficult to determine any administrative impact without knowing the intention of the bill.
25. It is assumed that revenues from licensing of cigarette retailers and beer, wine, and liquor licenses, which currently flow into the state general fund, would not flow to the new account created in Section 2.

Department of Livestock:

26. The Department of Livestock (DOL) does collect revenues from permits, licenses, and registrations as defined in the proposed legislation.
27. It is not known how much of the fees, if any, collected by the DOC would be reallocated to the DOL or how much would be retained.

Department of Labor and Industry:

28. The Department of Labor and Industry (DOLI) does not consider the independent contractor (IC) exemption waiver to be covered by SB 348 since the IC exemption is a waiver of workers' compensation insurance coverage rights.
29. Joint registration for tax purposes for new businesses could be obtained at the coordination center.
30. While contractor registration certificates could be applied for at the coordination center, statutory use of the fees conflicts with section 1(10) of SB 348.

Secretary of State:

31. The Secretary of State (SOS) collects revenues for the filing of business entities and licenses.
32. The SOS is a self-supporting agency from the fees charged and collected commensurate with cost. The SOS will charge fees commensurate with cost of maintaining a centralized voter file system.
33. It is difficult to decipher the full intent of the legislation, whether all licensing activities would be completed by the DOC, and which fees would be allocated to the department.
34. Based on the assumptions the SOS anticipates a major fiscal impact from SB 348. Based on projected revenue, the SOS would loose a projected \$1,016,000 in revenue for both fiscal year 1998 and fiscal year 1999. In order to maintain current office duties, the SOS would have to seek the \$2,032,000 from the general fund or receive authority to increase current fees for services.

FISCAL IMPACT:

Department of Commerce

Economic Development Division:

<u>Expenditures:</u>	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
FTE	6.00	6.00
Personal Services	168,656	168,656
Operating Expenses	310,000	60,000
Equipment	<u>66,500</u>	<u>10,000</u>
Total	545,156	278,656
<u>Funding:</u>		
State Special Revenue (02)	545,156	278,656
<u>Revenues:</u>		
Business & Licensing Fees (02)	3,950,000	3,950,000
<u>Net Impact:</u>		
Master License Fund SSR (02)	3,404,844	3,671,344

TECHNICAL NOTES:

Department of Commerce/Economic Development Division:

1. SB 348 requires implementation of one-stop licensing upon the effective date of October 1, 1997. The bill requires development of the computer database/system by January 1, 1999. Implementation of one-stop licensing cannot occur before the systems analysis and development of the computer database/network system is completed. The act requires implementation 15 months before the system is developed.
2. Currently most collected business and professional licensing fees are statutorily required to be deposited into separate accounts within each regulatory agency. These revenues are typically used to offset the regulatory costs incurred by each licensing agency. New Section 1, part (10) states "All fees collected by the department must be deposited in the license fund established by [Section 2]." New Section 2 states "There is created an account in the state special revenue fund. Money in the account must be allocated to the department to pay the costs associated with this chapter." SB 348 requires the DOC to deposit all of the licensing fees into the master license fund with no means to transfer business and professional licensing fees to the individual regulatory agency responsible for approving, and issuing the license(s). SB 348 appears to conflict with many existing statutes which require business and professional licensing fees to be deposited into separate accounts within each licensing agency.

(continued)

3. The proposed legislation requires the issuance of a master license where appropriate. This assumes that those individuals or businesses requiring more than one license could apply for and receive all of their licenses at one time. Many of the licenses included have statutorily required renewal deadlines which do not coincide with other licenses. An individual business requiring three different licenses might be required to renew those licenses on three different dates by state statute. State statute would need to be amended for all included licenses to eliminate renewal dates and allow them to be set by rule by an entity like the board of review established in 30-16-103, MCA.

All statutorily established fees should include language which allows those fees to be discounted for third party charges such as credit card companies who will discount the fee up to 5% for processing charges.

Department of Labor and Industry:

4. Contractor registration statutes, 39-9-206(4) and (5), MCA, particularly identify how the contractor registration fees are to be used. Section 1(10) of SB 348 conflicts with 39-9-206, MCA.