



**House
Legislative
Analysis
Section**

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LICENSING LAWS: STANDARDIZE, CLARIFY

House Bills 4820 and 4822 (Substitutes H-2)
First Committee: State Affairs **RECEIVED**
Second Committee: Appropriations

House Bill 4821 (Substitute H-2) JUL 15 1986
First Committee: Public Health
Second Committee: Appropriations Mich. State Law Library

First Analysis (6-2-88)
Sponsor: Rep. Michael J. Griffin

THE APPARENT PROBLEM:

The Department of Licensing and Regulation has recently obtained new data processing equipment that will enable it to more fully computerize its records and procedures. However, the lack of uniform terminology and deadlines in the applicable laws hampers the efficient use of the new system. In addition, the department points out, the Occupational Code is made unnecessarily cumbersome by the recurrence in each occupation's article of fee payment and renewal requirements that could be established by more generalized language that would apply to all. Finally, fee structures have been criticized for failing to be sufficiently detailed and itemized, for failing to adequately reflect departmental costs, especially with regard to examinations, and for fees imposed under the State License Fee Act going unmentioned in the enabling Occupational Code. The department has suggested legislation to revise occupational fee structures, standardize terminology, and consolidate various fee payment, examination, and renewal provisions into a set of provisions that generally would apply to all occupations.

THE CONTENT OF THE BILLS:

The bills would amend various occupational licensing laws to restructure fees, standardize terminology, update language, accommodate the department's administration of previously privately-administered examinations, and create general fee payment and renewal provisions that would apply to all occupations under the Occupational Code. House Bill 4821 could not take effect unless House Bill 4820 was enacted; the bills are not otherwise tie-barred.

House Bill 4820 would amend the State License Fee Act to replace current fee structures for all occupations with new ones that generally differ from existing ones in the institution of separate application processing fees and separate examination fees and the elimination of separate renewal fees (license fees would be on an annual basis). The bill would institute a uniform \$20 late renewal fee for occupational code and public health code professions and occupations, raise the fee for a duplicate license from \$5 to \$10, authorize a \$10 fee for issuing a new document upon address or name change, and authorize a \$5 fee for providing verification of a license or registration (\$15 for verification plus detailed information). The bill would raise from \$3 to \$5 the amount of each real estate license fee which is earmarked for the real estate education fund.

MCL 338.2203 et al.

House Bill 4821 would amend the Public Health Code to make a number of amendments in the licensure provisions governing health care professionals. Among other things, the bill would:

- provide that fees for licenses and registrations be prescribed by the State License Fee Act, instead of in the Public Health Code;
- specify that failure on the part of a licensee or registrant to receive notice from the Department of Licensing and Regulation of expiration of a license or registration would not relieve the licensee or registrant of responsibility for renewal;
- provide for non-refundable application fees, application processing fees for reinstatements of revoked or suspended licenses or reclassifications of limited licenses, and examination fees;
- require license or registration requirements to be completed within two years after the department received the application;
- prohibit M.D. Physicians' Assistants from applying for reinstatement of revoked licenses for three years instead of the current one year;
- require the names of D.O. Physicians' Assistants on prescription forms in addition to that of the physician, when this function is delegated to the Physician's Assistant; and
- provide that if the department terminates a contract with someone who has been administering a licensing or registration examination, and begins itself to administer the examination, the department would not charge a fee greater than the fee charged under the terminated contract unless the State License Fee Act was amended to increase the fee.

MCL 333.16108 et al.

House Bill 4822 would amend the Occupational Code to, among other things, replace occupation-specific requirements to pay fees, pass examinations, and renew licenses with generalized provisions that would apply to all occupations. There would be a requirement to pay the appropriate fees as prescribed in the State License Fee Act, and general provisions for nonrefundable application processing fees, late renewal fees, examination fees, and fees for portions of examinations that must be repeated. License and registration fees would be prescribed on a per-year basis; the fee for department-established biennial renewals would be twice the per-year amount. If the department terminated a contract with a person who had

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been administering a licensing or registration examination, the department would not charge a fee greater than the fee charged under the terminated contract unless the State License Fee Act was amended to increase the fee.

Generally, all requirements for licensure or registration would have to be completed within one year after the department received the application or mailed a notice of incomplete application to the applicant, whichever was later. However, architects, engineers, surveyors, landscape architects, and planners would have ten years to complete application requirements.

It would be the responsibility of the licensee or registrant to renew a license or registration on time. Generally, a person who failed to renew a license or registration within 60 days after expiration could be relicensed or reregistered without examination and without meeting additional education or training requirements if all of the following conditions were met: the person applied within three years of the expiration date; the person paid the appropriate fees, including the late renewal fee; penalties and conditions imposed by disciplinary action in Michigan or any other jurisdiction had been satisfied; and the person submitted proof of completion of one year of continuing education within the 12 months immediately preceding the date of application, if continuing education was required under the article applicable to that occupation.

Relicensure or reregistration subsequent to three years after expiration generally would be subject to rules promulgated by a board. Those rules could require a person to pass all or part of a required examination, to complete continuing education requirements, or to meet current education or training requirements.

MCL 339.105 et al.

FISCAL IMPLICATIONS:

According to the Department of Licensing and Regulation, the bills would increase revenues by about \$500,000 per year, primarily through recovering the costs of administering examinations. (5-26-88) The department's analysis notes that the restructuring and itemization of fees would be sufficiently complex to preclude accurate estimates of revenue, and that the bills are not intended primarily as revenue generators. (5-5-88) Both the department's analysis and the House Fiscal Agency analysis say that the bills would increase revenues to the general fund to better reflect the actual cost(s) being expended on departmental operations and services. (5-5-88 and 5-25-88)

ARGUMENTS:

For:

The bills would streamline and update the licensing laws for occupations and professions. By breaking fees down into their component parts, they would allow the Department of Licensing and Regulation to charge fees that were specific to the matter at hand, thus improving accountability, facilitating refunds, and better linking fees with costs. New provisions for examination fees would enable the department to recoup costs in this area where revenues at present lag well behind costs. Generalized provisions for fee payment, renewals, and other matters would enable fee or procedure changes without amending an occupation's specific article and making policy language vulnerable to other, more substantial, and perhaps more controversial, amendments. Standardization of terminology and uniformity of language will enable the department to make more efficient use of

new, programmable, high-speed processing equipment, as well as make the laws more comprehensible.

Response: The bills are long, complex, and affect virtually every occupation and profession. Recognizing this, the department has worked with organizations of the various affected groups to ensure that all understand and accept the bills. However, there appear to be at least some groups that were unaware that the bills were proceeding through the legislative process. The complexity and sweeping effects of the bills argue for a certain deliberateness in the speed of their passage.

POSITIONS:

The Department of Licensing and Regulation supports the bills. (5-26-88)

The Michigan Society of Professional Engineers is reviewing the substitutes and at this point does not oppose them. (6-1-88)

The Michigan State Medical Society supports House Bills 4820 and 4821 with provisions that fees be directed to the Board of Medicine. (6-1-88)