

LEGISLATIVE FISCAL ESTIMATE
SENATE SUBSTITUTE FOR
SENATE, No. 1303
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JULY 17, 2019

SUMMARY

Synopsis: Establishes licensure for master hearth specialists.

Type of Impact: Annual State revenue and expenditure increases.

Agencies Affected: Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	
State Revenue Increase		Indeterminate	

- The Office of Legislative Services (OLS) finds that this bill would result in an indeterminate annual State expenditure increase related to the regulation of master hearth specialists by the Division of Consumer Affairs in the Department of Law and Public Safety.
- The OLS also notes the bill will increase State revenue collections from licensure fees, fines, and penalties by indeterminate amounts.
- The bill establishes a Licensed Master Hearth Specialist Advisory Committee (committee) of seven members under the State Board of Examiners of Heating, Ventilating, Air Conditioning and Refrigeration Contractors (State board) to provide for the licensure of master hearth specialists.
- The OLS anticipates that the State may annually collect indeterminate fine and penalty payments from violators of statutory and regulatory requirements applicable to the newly licensed profession. A violator may receive a civil penalty of \$10,000 for an initial violation and \$20,000 for any subsequent violations. In addition to any penalties, those who violate the bill’s provisions will be guilty of a crime of the fourth degree, which is punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both.

BILL DESCRIPTION

This bill establishes a Licensed Master Hearth Specialist Advisory Committee under the State Board of Examiners of Heating, Ventilating, Air Conditioning and Refrigeration Contractors to provide for the licensure of master hearth specialists.

The bill provides that no person is permitted to work as a master hearth specialist or use the title or designation of “licensed master hearth specialist” or “master hearth specialist contractor” unless a license is issued pursuant to the provisions of this legislation. The provisions of the bill do not apply to a single-family homeowner who performs hearth professional work on the person’s own dwelling.

The legislation does not prohibit a municipality from inspecting hearth professional work or the equipment of a master hearth specialist, or from enforcing the standards and manner that hearth professional work may be done. However, no municipality, local board of health or other agency is permitted to require a master hearth specialist licensed under the bill to obtain any additional license, apply for or take any examination, or pay any licensing fee.

The State board or the committee, if delegated power by the board, will establish standards for continuing master hearth specialist education, including the subject matter and content of courses of study, the selection of instructors, and the number and type of continuing education credits required of a master hearth specialist as a condition of license renewal. The legislation requires each master hearth specialist, as a condition of license renewal, to complete any continuing education requirements imposed by the board or committee.

In addition to any penalty authorized pursuant to the provisions of section 12 of P.L.1978, c.73 (C.45:1-25), any person, firm, partnership, corporation, or other legal entity that knowingly violates any provision of this section will be guilty of a crime of the fourth degree and will have his or her license revoked.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill would result in an indeterminate annual increase in state expenditures; however, OLS estimates that the license and renewal fees paid by licensees may defray licensure, regulation, and enforcement costs.

State Revenue Increase: The bill will increase annual State revenue collections from licensure fees, fines, and penalties by indeterminate amounts.

Pursuant to section 1 of P.L.2007, c.211 (C. 45:16A-1 et seq.), the State board currently establishes fees for license and renewal applications. The OLS cannot quantify the licensure fee payments the board or committee will collect from the licensing requirement, as the bill leaves the setting of the fee levels to the board’s discretion and the number of licenses that will be issued is unknown.

The OLS anticipates that the State may annually collect indeterminate fine and penalty payments from violators of statutory and regulatory requirements applicable to the newly licensed profession. A violator may receive a civil penalty of \$10,000 for an initial violation and \$20,000 for any subsequent violations. In addition to any penalties, those who violate the bill’s

provisions will be guilty of a crime of the fourth degree, which is punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. A presumption of non-incarceration applies to first-time offenders for crimes of the fourth degree. The OLS, however, has no information on which to base an estimate of the number and magnitude of future penalty assessments and payments, and thus cannot project the amount the State will collect.

The National Fireplace Institute's website reflects an estimated 45 members with New Jersey addresses and many more from New York, Delaware, and Pennsylvania. It is unknown how many New York, Pennsylvania, and Delaware hearth professionals would choose to become licensed in New Jersey.

State Expenditure Increase: The bill may increase annual State expenditures due to an increase in the board's duties in overseeing the committee. Under current law, each member of the State board receives \$25 for each meeting day in attendance and in addition is entitled to be reimbursed for necessary traveling expenses provided compensation in any fiscal year does not exceed \$1,000 per member. The legislation does not indicate whether the committee will receive compensation for meeting and traveling expenses and, in any event, the OLS cannot determine the increased cost on account of the uncertainty regarding the number of professionals who will be regulated and operational decisions the board will make to implement this bill.

Section: Law and Public Safety

*Analyst: Kristin Brunner Santos
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).