
HOUSE BILL 592

Date: February 18, 2020
Committee: House Environment and Transportation
Bill Title: Business Regulation – Regulation of Common Ownership Community Managers

HB 592 creates the State Board of Common Ownership Community Managers within the Department of Labor.; provides for the composition of the Board and the appointment, terms, and expenses of the Board members; provides that the Act does not prohibit specified persons from providing services under specified circumstances; requires an individual to be issued a license by the Board before providing management services for a common ownership community under specified circumstances. A similar version of this bill (HB 1158) was heard during the 2018 session and did not proceed past the Committee.

The creation of a new board within the Division of Occupational and Professional Licensing requires a substantial set up cost with continual fiscal and staffing support to maintain viability. Set up costs include: support staffing, investigative staff, establishment of regulations, examination preparation, legal fees, space allocation, information technology programming, IT hardware, office supplies, communications costs and examination vendor fees. The board would also be responsible for a share of the reimbursable fund distribution and other direct and indirect overhead expenditures. The board will need 3.5 permanent positions to properly administer the program. There is no other unit in the division that possesses the expertise and staffing to incorporate this new program. Current division investigative staff has already assisted the units of the division that do not possess investigative staff. It has become necessary to augment current staffing with multiple contractual and temporary staff to meet the regulatory mandates of the division. This program must operate as an independent program within the division and remain self-sufficient. It is anticipated that many of the licensee base will be made up of small businesses. Elevated licensing and renewal fee requirements are anticipated and will have a negative financial impact on small businesses.

Due to the uncertain nature of this industry, it would be necessary to establish this board as a special fund board that has a non-lapsing, non-reverting fund. This is necessary to establish an appropriate cash flow that ensures a year-to-year carryover of necessary funding. An alternative to special funding is general funding, to ensure a proper and predictable yearly funding mechanism.