

FISCAL BRIEF



LARA FEE SUNSETS 2023

Marcus Coffin, Senior Fiscal Analyst
March 15, 2022

FAST FACTS

- Half of LARA's annual budget is funded by restricted revenue.
- Many of LARA's restricted funds are supported by fee revenues.
- 16 separate MCL sections contain LARA fees that are scheduled to sunset in 2023.
- If the fees sunset, a revenue reduction of \$18.9 million would occur.

INTRODUCTION

State restricted funding supports approximately half of the appropriations included in the Department of Licensing and Regulatory Affairs (LARA) budget. In FY 2021-22, LARA's gross appropriation totaled \$517.2 million, with \$258.9 million (50%) funded by revenue from 45 restricted funds. These funds largely receive revenue collected from fees assessed under the various statutes and programs that LARA administers.

OVERVIEW OF FEES SCHEDULED TO SUNSET

Sixteen separate statutory sections have specified sunsets that either set the end date for a fee collection or reduce the fee amount to be collected. All of the applicable sections have fees that will sunset in calendar year 2023, with one section sunsetting in March and the remainder sunsetting in September. [Table 1](#) below provides an overview of these fees, with additional detail on each MCL section following.

Table 1: 2023 LARA Fee Sunsets

Fee	Sunset	Revenue Impact
Limousine carrier, taxicab carrier, and transportation network company fees	March 20, 2023	\$281,400
Mental Health Code licensing fees	September 30, 2023	1,500,000
Substance use disorder licensing fees		
Health facility and agency licensing fees		
Architect licensing fees	September 30, 2023	425,900
Barber licensing fees	September 30, 2023	58,100
Collection agency licensing fees	September 30, 2023	500
Employment and consulting agent licensing fees	September 30, 2023	300
Hearing aid licensing fees	September 30, 2023	1,900
Securities fees	September 30, 2023	7,300,000
Real estate appraiser licensing fees	September 30, 2023	2,800
Business corporation filing fees	September 30, 2023	8,200,000
Nonprofit corporation filing fees		
Limited liability company filing fees		
Cosmetology fees	September 30, 2023	1,100,000
Real estate licensing fees	September 30, 2023	27,900
TOTAL		\$18,898,800

Data source: Department of Licensing and Regulatory Affairs

Legislative action is required if these fees are to be collected at present levels beyond the respective sunset dates. The legislature may eliminate a sunset or extend it to a future date; all of the included sunsets were extended most recently by four years from 2019 to 2023. No action is required if the legislature wishes for a fee to sunset as scheduled.

A CLOSER LOOK AT EXPIRING FEES

Limousine Carrier, Taxicab Carrier, and Transportation Network Company Fees	
Sunset:	March 20, 2023
Authorizing Statute:	MCL 257.2104
Fee Issue:	Elimination of application and annual registration fees (determined by the number of vehicles registered)
Projected Revenue Loss:	\$281,400
Fund:	Licensing and Regulation Fund
Paid by:	Limousine carriers, taxicab carriers, and transportation network companies
Supports:	Enforcement and administration of the Limousine, Taxicab, and Transportation Network Company Act (2016 PA 345)

Mental Health Code Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 330.1139
Fee Issue:	Elimination of annual license fee determined by a \$500 base and an additional \$10 per bed
Projected Revenue Loss:	\$1,500,000 (includes revenue loss from substance use disorder fee sunset and health facility and agency fee sunset)
Fund:	Health Systems Fees
Paid by:	Entities seeking licensure under the Mental Health Code (psychiatric hospitals and units)
Supports:	Implementation, administration, and enforcement of Chapter 1 of the Mental Health Code (1974 PA 258)

Substance Use Disorder Services Program Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 333.6237
Fee Issue:	Elimination of \$500 annual license fee
Projected Revenue Loss:	\$1,500,000 (includes revenue loss from Mental Health Code fee sunset and health facility and agency fee sunset)
Fund:	Health Systems Fees
Paid by:	Operators of substance use disorder services programs
Supports:	Implementation, administration, and enforcement of Article 6 of the Public Health Code (1978 PA 368)

Health Facility and Agency Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 333.20161
Fee Issue:	Elimination of various facility license fees determined by facility type and bed count
Projected Revenue Loss:	\$1,500,000 (includes revenue loss from Mental Health Code fee sunset and substance use disorder fee sunset)
Fund:	Health Systems Fees
Paid by:	Health facilities and agencies (hospitals, homes for the aged, nursing homes, etc.)
Supports:	Licensure activities under Article 17 of the Public Health Code (1978 PA 368)

Architect Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2213
Fee Issue:	Reduction of fee amounts for application processing and annual licensure
Projected Revenue Loss:	\$425,900
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking architect licensure
Supports:	LARA operational costs, pursuant to MCL 338.2203

Barber Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2217
Fee Issue:	Reduction of fee amounts for application processing and licensing fees
Projected Revenue Loss:	\$58,100
Fund:	Licensing and Regulation Fund
Paid by:	Individuals and entities seeking licensure in the field of barbering
Supports:	LARA operational costs, pursuant to MCL 338.2203

Collection Agency Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2221
Fee Issue:	Reduction of application processing fee
Projected Revenue Loss:	\$500
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure to operate a collection agency or to be a collection agency manager
Supports:	LARA operational costs, pursuant to MCL 338.2203

Employment and Consulting Agent Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2227
Fee Issue:	Reduction of annual license fee for employment and consulting agents
Projected Revenue Loss:	\$300
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure as an employment or consulting agent
Supports:	LARA operational costs, pursuant to MCL 338.2203

Hearing Aid Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2231
Fee Issue:	Reduction of annual license fee for hearing aid trainees
Projected Revenue Loss:	\$1,900
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure as a hearing aid trainee
Supports:	LARA operational costs, pursuant to MCL 338.2203

Securities Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 451.2410
Fee Issue:	Reduction of annual registration and notice fees assessed on broker-dealers, agents, investment advisers, and investment adviser representatives; reduction of notice fee for federal covered investment advisers
Projected Revenue Loss:	\$7,300,000
Fund:	Securities Fees
Paid by:	Individuals seeking registration as a broker-dealer, agent, investment adviser, or investment adviser representative; individuals filing notice as a federal covered investment adviser
Supports:	Corporations, Securities, and Commercial Licensing Bureau's administration of statutory duties under the Uniform Securities Act; unexpended revenue after administration of the Uniform Securities Act lapses to the general fund, pursuant to MCL 451.2601

Real Estate Appraiser Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2238
Fee Issue:	Reduction of application processing fees for various classes of real estate appraisers
Projected Revenue Loss:	\$2,800
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure as a certified general real estate appraiser, certified residential real estate appraiser, state licensed real estate appraiser, or limited real estate appraiser
Supports:	LARA operational costs, pursuant to MCL 338.2203

Business Corporation Filing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 450.2060
Fee Issue:	Reduction of annual report filing fee
Projected Revenue Loss:	\$8,200,000 (includes revenue loss from nonprofit corporation and limited liability company fee sunsets)
Fund:	Corporation Fees
Paid by:	Corporations filing annual reports under the Business Corporation Act
Supports:	LARA operational costs; unexpended revenue lapses to the general fund, pursuant to MCL 450.2060

Nonprofit Corporation Filing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 450.3060
Fee Issue:	Reduction of annual report filing fee
Projected Revenue Loss:	\$8,200,000 (includes revenue loss from business corporation and limited liability company fee sunsets)
Fund:	Corporation Fees
Paid by:	Nonprofit corporations filing annual reports under the Nonprofit Corporation Act
Supports:	LARA operational costs, pursuant to MCL 450.3060

Limited Liability Company Filing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 450.5101
Fee Issue:	Reduction of fee for annual statement of resident agent and registered office
Projected Revenue Loss:	\$8,200,000 (includes revenue loss from business corporation and nonprofit corporation fee sunsets)
Fund:	Corporation Fees
Paid by:	Limited Liability Companies
Supports:	LARA operational costs, pursuant to MCL 450.5101

Cosmetology Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2225
Fee Issue:	Reduction of application processing, licensing, and student registration and transfer fees
Projected Revenue Loss:	\$1,100,000
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure as a cosmetologist, manicurist, natural hair culturist, esthetician, or electrologist; instructors and students in the aforementioned professions
Supports:	LARA operational costs, pursuant to MCL 338.2203

Real Estate Licensing Fees	
Sunset:	September 30, 2023
Authorizing Statute:	MCL 338.2237
Fee Issue:	Reduction of application processing and licensing fees
Projected Revenue Loss:	\$27,900
Fund:	Licensing and Regulation Fund
Paid by:	Individuals seeking licensure as a broker or associate broker (application processing) and branch offices (annual licensing)
Supports:	LARA operational costs, pursuant to MCL 338.2203