

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person
Preparing
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Return 9625 Fenway Ave. Rule
Address: Suite B Title: Chapter 17. Professional
Baton Rouge, LA 70809 Architectural Corporations,
Architectural-Engineering
Corporations, and Limited
Liability Companies

Date Rules Take Effect: July 1, 2017

SUMMARY

(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. The following summary statements, based on the attached worksheets, will be published in the Louisiana Register with the proposed agency rule.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS
(Summary)

There are no estimated implementation costs (savings) to state or local governmental units associated with the proposed rule changes. The proposed rule changes adjust fees for resident and non-resident corporations licensed by the Board and make other technical and non-technical changes to rules governing licensure oversight and requirements of licenses. Although there will be a relatively small increase in the number of firms which the board will annually register, the board believes that existing staff will be able to handle this increased volume of registration and its related workload.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS
(Summary)

Under the proposed rules, the board will receive increased revenues resulting from the increase in initial, renewal, and delinquency fees charged to in-state architectural firms from \$50 to \$75 annually, and the increase in such fees charged to out-of-state architectural firms from \$50 to \$150 annually. However, this increase in revenues from architectural firms will be largely offset by an expected decrease in revenues from out-of-state individual registered architects who have registered in Louisiana only because the Louisiana Professional Architectural Corporation Law requires that a majority of the outstanding shares of a professional architectural corporation be held by one or more natural persons duly licensed to practice architecture in Louisiana. After applying this offset, the board calculates that the proposed rules will result in an increase in revenues to the board during 2017-2018 of approximately \$15,025, and similar increases in revenues in the years following.

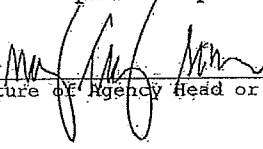
III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary)

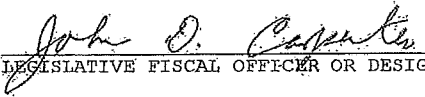
The proposed rules will result in a small economic cost to architectural firms practicing architecture in Louisiana. Under the proposed rules, the initial registration, renewal registration, and delinquency paid by in-state professional architectural corporations, architectural-engineering corporations, and limited liability companies will increase from \$50 annually to \$75 annually, and the initial registration, renewal registration, and delinquency paid by out-of-state professional architectural corporations, architectural-engineering corporations, and limited liability companies will increase from \$50 annually to \$150 annually. In addition, architectural firms practicing architecture in Louisiana who have not previously been registered with the board will be required to register for the first time. Under the proposed rules, professional architectural corporations may opt to practice as an architectural firm, rather than as a professional architectural corporation, and thereby receive an economic benefit (reduced cost) of registering only one architect with the board.

IV.

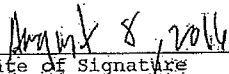
ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

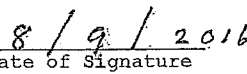
Although the proposed rules will impact the amount of fees that architectural firms will pay to the board, such rules will not impact the ability of such firms to compete for architectural projects or their employment of persons to perform architectural services. Accordingly, the board anticipates that the proposed rules will have no impact upon competition or employment in the public or private sectors.


Signature of Agency Head or Designee


LEGISLATIVE FISCAL OFFICER OR DESIGNEE

Mary "Teeny" Simmons, Executive Director
Typed Name and Title of Agency Head or Designee


Date of Signature


Date of Signature

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OFFICE OF THE
STATE REGISTER

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The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Existing Rule § 1701 regulates professional architectural corporations, such corporations authorized by the Professional Architectural Corporation Law, La. R.S. 12:1086 et seq. The changes in the proposed rule to existing Rule § 1701 are primarily clarifications to the language of the existing rule. See proposed Rule §§ 1701.A, 1701.B, 1701.D, 1701.E, and 1701.F. However, the proposed rule provides that professional architectural corporations shall pay fees for obtaining initial certificates of authority, renewal certificates, and any delinquency in obtaining the required certificates. Professional architectural corporations currently pay fees of \$50 for obtaining initial certificates of authority, renewal certificates, and any delinquency. Under the proposed rules, resident professional architectural corporations shall pay the sum of \$75 for obtaining initial certificates of authority, renewal certificates, and any delinquency in obtaining the required certificates, and non-resident professional architectural corporations shall pay the sum of \$150 for obtaining such certificates and any delinquency. See proposed Rules §§ 1701.C, 1701.G, 1701.H, and 1701.I.

Existing Rule § 1703 regulates architectural-engineering corporations, such corporations authorized by the Architectural-Engineering Corporation Law, La. R.S. 12:1171 et seq. The changes in the proposed rule to existing Rule § 1703 are primarily clarifications to the language of the existing rule. See proposed Rule §§ 1703.A, 1703.B, 1703.D, 1703.E, and 1703.F. However, the proposed rule provides that architectural-engineering corporations shall pay fees for obtaining initial certificates of authority, renewal certificates, and any delinquency in obtaining the required certificates. Professional architectural corporations currently pay fees of \$50 for obtaining initial certificates of authority, renewal certificates, and any delinquency. Under the proposed rules, resident architectural-engineering corporations shall pay the sum of \$75 for obtaining initial certificates of authority, renewal certificates, and any delinquency in obtaining the required certificates, and non-resident architectural-engineering corporations shall pay the sum of \$150 for obtaining such certificates and any delinquency. See proposed Rules §§ 1703.C, 1703.G, 1703.H, and 1703.I.

Existing Rule § 1705 regulates limited liability companies, such companies authorized by the Architectural-Engineering Corporation Law, La. R.S. 12:1301 et seq. In general, proposed Rule § 1705 makes the requirements of existing Rule § 1705, now applicable only to limited liability companies, applicable to all architectural firms practicing architecture in Louisiana.

Proposed Rule § 1705.A defines the term "architectural firm." Said term means any corporation, partnership, limited liability partnership, limited liability company, association, sole proprietorship, or other entity lawfully organized under the laws of Louisiana or other lawful jurisdiction for the purpose of practicing architecture.

Proposed Rule § 1705.B provides that the practice of architecture in Louisiana by an architectural firm is only permissible when such firm is lawfully constituted under the laws of Louisiana or under the laws of some other lawful jurisdiction for the purpose of practicing architecture, and it complies with all of the requirements of this rule.

Proposed Rule § 1705.C provides that no architectural firm shall perform architectural services in Louisiana without first receiving a certificate of authority from the board. This provision is new.

Proposed Rule § 1705.D provides that architectural firms performing architectural services in Louisiana shall be subject to the discipline of the board and to its authority to adopt rules and regulations governing the practice of architecture. Existing Rule § 1705.D was limited to limited liability companies.

Proposed Rule § 1705.E describes the procedure which an architectural firm should use to obtain a certificate of authority from the board.

Proposed Rule § 1705.F provides that the fee for obtaining an initial certificate of authority for a resident architectural firm is seventy-five dollars (\$75). The fee for obtaining an initial certificate of authority for a non-resident architectural firm is one hundred-fifty dollars (\$150). Currently, limited liability companies are charged a fee of \$50 to register with the board.

Proposed Rule § 1705.G requires an architectural firm to designate one or more supervising professional architects who shall perform or directly supervise the performance of all architectural services by said firm in Louisiana in its application for a certificate of authority. Proposed Rule § 1705.G also defines the meaning of "performing or directly supervising the performance of all architectural services," and it sets forth the qualifications for those persons who may be designated as a supervising professional architect. Existing Rule § 1705.G was limited to limited liability companies.

Proposed Rule § 1705.H provides that a supervising professional architect of an architectural firm is authorized to appear for and act on behalf of the firm in connection with the execution and performance of contracts to provide architectural services. Existing Rule § 1705.F, the model for this proposed rule, was limited to limited liability companies.

Proposed Rule § 1705.I provides that an architectural firm may practice architecture in Louisiana only as long as it employs a designated supervising professional architect who complies with Rule §1705.F above. Existing Rule § 1705.G, the model for this proposed rule, was limited to limited liability companies.

Proposed Rule § 1705.J provides that the supervising professional architect(s) of the architectural firm is responsible to the board for all of the acts and conduct of the architectural firm, as more fully set forth in the proposed rule. Existing Rule § 1705.H, the model for this proposed rule, was limited to limited liability companies.

Proposed Rule § 1705.K provides that the supervising professional architect(s) of the architectural firm shall advise the board of any organizational change that would relate to the authority granted under this rule, as more fully set forth in the proposed rule. Existing Rule § 1705.I, the model for this proposed rule, was limited to limited liability companies.

Proposed Rule § 1705.L provides that an architectural firm performing design/build must obtain a certificate of authority from the board and also comply with existing Rule § 1319, as more fully set forth in the proposed rule. This provision is new but represents the previous policy of the board concerning design/build entities.

Proposed Rule § 1705.M provides that a joint venture practicing architecture in Louisiana shall not be required to obtain a certificate of authority from the board, as more fully set forth in the proposed rule. This provision is new but represents the previous policy of the board concerning joint ventures.

Proposed Rule § 1705.N provides that a non-resident architectural firm associated within the meaning of existing Rule § 1317 with a resident architect or architectural firm for a specific and isolated project is not required to obtain a certificate of authority from the board as more fully set forth in the proposed rule. This provision is new but represents the previous policy of the board concerning this situation.

Proposed Rule § 1705.O provides that a sole proprietorship practicing architecture in Louisiana in the name of an individual registered with the board is not required to obtain a certificate of authority to practice architecture in Louisiana; however, a sole proprietorship practicing architecture in Louisiana under some name other than the name of an individual registered with the board is required to obtain a certificate of authority from the board. This provision is new but represents the previous policy of the board concerning sole proprietorships.

Proposed Rule § 1705.P provides that a non-resident architectural firm retained by a Louisiana architect as a consultant only is not required to obtain a certificate of authority from the board. This provision is new but represents the previous policy of the board concerning consultants.

Proposed Rule § 1705.Q provides that the architectural firm shall satisfy all of the requirements of the Louisiana Secretary of State for doing business in this state. This provision is new but represents the previous policy of the board.

Proposed Rule § 1705.R provides that an architectural firm holding a certificate of authority and desiring to continue offering architectural services in Louisiana shall complete an application for renewal each year with the board; such proposed rule also describes the procedure that an architectural firm should use to renew a certificate of authority from the board. This provision is new but represents the previous policy of the board concerning annual renewal of certificates.

Proposed Rule § 1705.S provides that the fee for renewing a certificate of authority for a resident architectural firm is seventy-five dollars (\$75). The fee for renewing an initial certificate of authority for a non-resident architectural firm is one hundred-fifty dollars (\$150). Currently, limited liability companies are charged a fee of \$50 for renewing a certificate with the board.

Proposed Rule 1705.T provides for a delinquent fee if the certificate of authority is not renewed in a timely manner by the architectural firm. The delinquent fee to be paid by a resident architectural firm is seventy-five dollars (\$75), and the delinquent fee to be paid by a non-resident architectural firm is one hundred-fifty dollars (\$150). Currently, limited liability companies are charged a delinquent fee of \$50 for late renewal of a certificate with the board.

Proposed Rule § 1705.U provides that the rules regulating the names of architectural firms are contained in Chapter 15 of the board rules.

Proposed Rule § 1707 provides for the effective date of the proposed rules. The proposed rules, if adopted, will apply to registrations and renewals for the period after July 1, 2017, as more fully set forth therein.

Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

The requirements in Louisiana for an architectural firm to practice architecture are different depending upon the legal form of the entity. More specifically, the requirements for a professional architectural corporation are different from an architectural-engineering corporation, which are different from a limited liability company and which are also different from architectural firms such as partnerships. The intent of the proposed rules is to establish a level playing field for all architectural firms practicing architecture in Louisiana.

No federal regulation requires adoption of the proposed rules.

Compliance with Act 11 of the 1986 First Extraordinary Session

(1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

No.

(2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) _____ Yes. If yes, attach documentation.

(b) _____ No. If no, provide justification as to why this rule change should be published at this time.

N/A.

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

COSTS	FY 16-17	FY 17-18	FY 18-19
PERSONAL SERVICES	-0-	-0-	-0-
PROFESSIONAL SERVICES	-0-	-0-	-0-
OTHER CHARGES	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-
MAJOR REPAIR & CONSTR.	-0-	-0-	-0-

PROPOSITIONS (#)

2. Provide a narrative explanation of the costs or savings shown in "A.1", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

There are no estimated implementation costs (savings) to state or local governmental units associated with the proposed rules. The board currently registers approximately three thousand three hundred twenty-five (3,325) architects and one thousand forty-eight (1,048) architectural firms. The architectural firms that the board currently registers are professional architectural corporations, architectural-engineering corporations, and limited liability companies. Under the proposed rules, all architectural firms practicing architecture in Louisiana will be required to register, and the board estimates that there are at least twenty (20) in-state (I/S) and at least ten (10) out-of-state (O/S) unregistered architectural firms practicing architecture in Louisiana which will be required to register for the first time. Since there will be a relatively small increase in the number of firms which the board will register, the board believes that existing staff will be able to handle this increased volume and workload without undue difficulty.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	-0-	-0-	-0-
AGENCY SELF-GENERATED	-0-	-0-	-0-
DEDICATED	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-
OTHER (Specify)	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

N/A.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

Presently, the board registers annually over three thousand individual architects and over one thousand architectural firms. Although the proposed rule will require that additional architectural firms practicing architecture in Louisiana become registered and thus some architectural firms will be registered for the first time, the board believes that existing staff will be able to handle the increased volume.

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

2. Indicate the sources of funding of the local governmental unit which will be affected by these costs or savings.

None.

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

- A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	-0-	-0-	-0-
AGENCY SELF-GENERATED	-0-	\$15,025	\$15,325
RESTRICTED FUNDS*	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-
LOCAL FUNDS	-0-	-0-	-0-
TOTAL	-0-	\$15,025	\$15,325

*Specify the particular fund being impacted.

- B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

During the 2014-2015 fiscal year, the board collected the total sum of \$56,350 in initial and renewal registration fees from such in-state and out-of-state entities practicing architecture in Louisiana. This sum was collected from four hundred seventeen (417) in-state (I/S) and six hundred thirty-one (631) out-of-state (O/S) professional architectural corporations, architectural-engineering corporations, and limited liability companies. The board presently collects fees only from such entities. The current fees for initial registration, renewal registration, and delinquency for such entities is fifty dollars (\$50).

The board believes that there are architectural firms practicing architecture in Louisiana which are not registered; however, the number of unregistered firms is unknown. The board estimates and assumes for this impact statement that there are at least twenty (20) I/S and at least ten (10) O/S unregistered architectural firms practicing architecture in Louisiana.

Under the proposed rules, the board will increase the initial, renewal, and delinquency fees charged to I/S architectural firms from \$50 to \$75 annually, and it will increase the initial, renewal, and delinquency fees charged to O/S architectural firms from \$50 to \$150 annually.

During the 2014-2015 fiscal year, the board licensed 417 I/S and 631 O/S architectural firms, generating \$22,500 in revenues from I/S firms and \$33,850 in revenues from O/S firms, or total fees of approximately \$56,350. The board calculates that the increase in revenues resulting from the proposed rules from architectural firms will be approximately \$10,425 from I/S firms (417 I/S registered firms X \$25 increase per firm + 20 I/S firms never before registered X \$75 registration/renewal fee), and approximately \$64,600 from O/S firms (631 O/S registered firms X \$100 increase per firm + 10 O/S firms never before registered X \$150 registration/renewal), or a total increase in revenues from architectural firms of approximately \$75,025 (\$10,425 + \$64,600).

This increase in revenues from architectural firms will be largely offset by an expected decrease in revenues from O/S individual registered architects who have registered in Louisiana only because the Louisiana Professional Architectural Corporation Law requires that a majority of the outstanding shares of a professional architectural corporation be held by one or more natural persons duly licensed to practice architecture in Louisiana. This same requirements does not apply to architectural-engineering corporations, limited liability companies, partnerships, or other entities practicing architecture in Louisiana.

The board believes that all architectural firms should be placed on a level playing field. Accordingly, the proposed rules will allow any architectural firm to practice architecture in Louisiana provided that it designates as a supervising professional architect of that entity a full time active employee of the entity whose primary occupation is with that entity. The supervising professional architect shall be in charge of the architectural work of that entity. Under the proposed rule, professional architectural corporations may, but will not be required, to have multiple architects registered.

During fiscal year 2014-2015, 328 O/S professional architectural corporations practiced architecture in Louisiana. For most of these firms, more than one O/S architect had registered in Louisiana. As a result of the proposed rule, the board calculates that approximately four hundred O/S individual registrants may no longer register to practice architecture in Louisiana. The board calculates that the financial impact will be a decrease in revenues to the board of approximately \$60,000 (400 O/S registrants X \$150 O/S registration/renewal fee).

The proposed law cannot reasonably be implemented before 2017-2018, as a period of education to the architectural profession will be required. Hence, no change in the revenues for 2016-2017 is projected.

As a result of all of the assumptions set forth herein, the board calculates that the proposed law will result in an increase in revenues to the board during 2017-2018 of the sum of approximately \$15,025 (\$75,025 increase from architectural firms - \$60,000 decrease from O/S individual registrants), and a similar increase in the years following.

The board assumes that the number of architectural firms practicing architecture in Louisiana will increase by approximately 2% annually. Hence, the board assumes its revenues from such firms will likewise increase annually by such a percentage.

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS

- A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

Under the proposed rules, the initial registration, renewal registration, and delinquency paid by in-state architectural firms will increase from \$50 annually to \$75 annually, and the initial registration, renewal registration, and delinquency paid by out-of-state architectural firms will increase from \$50 annually to \$150 annually. In addition, architectural firms practicing architecture in Louisiana who have not previously been registered with the board will be required to register for the first time. Under the proposed rules professional architectural corporations may opt to practice as an architectural firm, rather than as a professional architectural corporation, and thereby receive the economic benefit of registering only one architect with the board.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

Although the proposed rules will impact the amount of fees that architectural firms pay to the board, they will not impact the ability of such firms to practice architecture in Louisiana. Accordingly, the board anticipates that the proposed rules will have no impact on the receipts and/or income of architectural firms.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

Although the proposed rules will impact the amount of fees that architectural firms will pay to the board, such rules will not impact the ability of such firms to compete for architectural projects nor their employment of persons performing architectural services. Accordingly, the board anticipates that the proposed rules will have no impact upon competition or employment in the public or private sectors.