

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies

AGENCY: Office of Private Investigator Voluntary
Licensure

CCR: 4 CCR 746-1

DATE: 2/21/2012

RULE TITLE OR SUBJECT:

2.1 B, 2.2 A – EXPERIENCE AND EDUCATION REQUIREMENTS

1.1 C CONCERNING ETHICS AND ACTIVITIES OF LICENSED PRIVATE INVESTIGATORS

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

These rules are being proposed due to implementation of a new program created by HB 11-1195. The rulemaking authority for this statute is Section 12-58.5-106, C.R.S.

In reference to rule 2.1 B it is the Director's intent to expand the work areas for the experience requirements, during the rulemaking hearing, to include Sections 12-58.5-103(6)(b)(IV) and (VII), C.R.S. Regardless of the expansion of the applicable experience there are no current statutes that limit full import of the records to licensed private investigators. As this is a voluntary licensure program this rule would not limit the full import of the records by persons not licensed as private investigators.

Section 12-58.5-105(1)(c)(II), C.R.S. requires the Director to determine an amount of postsecondary education that, in conjunction with 2,000 hours of verifiable, applicable experience would qualify an applicant for the voluntary private investigator license. The Director, in the proposed rule 2.2 A has contemplated that postsecondary education in a least restrictive manner, setting the requirement as an associate degree.

Rule 1.1 C is intended to be the ethics and activities as required by Section 12-58.5-107, C.R.S. it is the intention of the Director to add this reference to the proposed rule during the rulemaking hearing.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

The benefits of the proposed rules would include providing the public some assurance that a private investigator licensed by this office has experience in the profession, has undergone a state and national fingerprint based criminal history check, and has met the ethical requirements set forth in the statute.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

There is currently no status quo given this is new program created by HB 11-1195. The proposed rules attempt to contain only the clarification which is required by the statute 12-58.5-101-110, C.R.S.

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

No other alternatives were considered given the limited parameters of the statute.

5. Describe stakeholder input regarding the proposed rule(s)?

Brief meetings were held by the Program Manager with the representatives of the Professional Private Investigator Association of Colorado and the Colorado Society of Private Investigators, proponents and opponents of the legislation, respectively.

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation (*Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.*), and state your estimates (in dollars) of the costs that will be incurred.

The budget expenditure estimates for fiscal year 2011-2012 are \$50,000 and for fiscal year 2012-2013 are \$47,000. As this is a new program and voluntary the costs incurred are difficult to predict. The costs are going to be dependent on the number of individuals who choose to apply for voluntary licensure.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used (*i.e., program data, NAICS code statistics, etc.*).

This is a voluntary licensure program, therefore, no entities or small businesses will be required to comply.

8. Does the proposed regulation create barriers to entry (*i.e., licensing, permit or educational requirements*)? If so, please describe those barriers and why those barriers are necessary.

This is a voluntary licensure program, the barriers imposed by the statute would be broached by those wanting to obtain the license. The barriers of age, experience, education, and fingerprint criminal history background check are imposed by the statute, and required to be clarified by these rules.

9. Explain the additional requirements with which small business owners will have to comply (*i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.*). Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

Existing private investigator businesses in Colorado should not have to incur additional costs for the experience requirements as described in the statute and proposed rules. An investigator working in a firm in the state could meet the 4,000 hours experience in just over two years based on working approximately 220 eight hour days.

An individual seeking to apply for licensure with education and experience could incur expense if they did not already have an associate degree. The approximate cost of an associate degree in Colorado for a resident of Colorado is as low as \$5,298 or as high as \$21,180 with an average cost of \$9,174. These figures are based on annual tuition fees and costs at schools in the Colorado Department of Higher Education or Colorado Community College system.

Cost of fingerprinting is average \$10 per card plus \$39.50 for CBI/FBI processing.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

There are not differing requirements for size or geographic regions.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

There are no implementation costs a small business would have to incur for software or other similar equipment as there are no such requirements proposed in the regulation.

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

This regulation will not require any cessation of business as it is a voluntary licensure program.

13. Does the proposed regulation restrict consumer choice (*i.e., availability of goods or services; price increases; etc.*)? If so, please describe those restrictions.

No, this regulation given the voluntary nature does not restrict consumer choice. The contrary is probably more accurate in that the consumer may make more informed choices knowing that those private investigators that hold the license have met the minimum qualifications set forth in the regulation.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

No impact identified.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

No impact identified.

Thank you for your time and effort.