

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 80 (Chair, Education, Health, and Environmental Affairs  
Committee)(By Request - Departmental - Natural  
Resources)

Education, Health, and Environmental Affairs

Environmental Matters

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Tree Expert License - Application and Renewal

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This departmental bill repeals the statutory license, renewal, and exam fees applicable to tree experts and instead authorizes the Department of Natural Resources (DNR) to set the original and renewal tree expert license fees by regulation. Tree expert license fees set by regulation may not exceed the cost of processing the license application or renewal. The bill deletes the annual renewal requirement for tree expert licenses and authorizes DNR to establish a license renewal timetable and procedure by regulation.

The bill terminates September 30, 2016.

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Fiscal Summary

**State Effect:** Potential minimal special fund expenditure decrease in FY 2013 and future years through the bill's termination date due to reduced tree expert licensing program costs. Potential special fund revenue increase in FY 2012 only, due to a staggered transition to biennial tree expert licensure. The actual impact depends on the tree expert license fee levels, timetable, and procedures DNR establishes by regulation, which are unknown at this time.

**Local Effect:** None.

**Small Business Effect:** DNR has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law/Background:** The Maryland Tree Expert Law addresses tree care work done for compensation on private or public property in Maryland. The purpose of the law is to provide a layer of consumer protection by licensing qualified and insured tree care companies and individuals. Currently, there are approximately 1,200 licensed tree experts in Maryland.

A person may not engage in the work or business of a tree expert without a tree expert license. DNR must issue a license to any applicant who pays the application fee; is at least 18 years old; has passed the examination given by DNR; and has either two years of approved college education and one year of experience with specified tree experts or five years of continuous practice with or as a tree expert in Maryland or in another state immediately preceding the date of application. In accordance with statute, the license application fee is \$30, the annual license renewal fee is \$10, and applicants who fail the examination are required to pay an additional fee of \$20 for each subsequent examination. Fees are paid into the State Treasury for DNR's use. In fiscal 2010, DNR generated approximately \$15,000 in licensing fee revenue (this includes application fees, renewal fees, and exam retake fees) and expended approximately \$30,000 on administering the licensing program.

The current volume of tree expert license renewals is approximately double the number of four or five years ago, and license fee revenue is significantly lower than license processing costs. This workload increase was absorbed by one DNR administrative staff position. The licensing program workload occurs largely in December and January when license renewals are processed. While the vast majority of the workload involves renewals, approximately 20 to 30 original licenses are sought annually. DNR advises it would like to change license renewal from an annual to a biennial schedule and increase the license renewal fee from \$10 to between \$20 and \$25 to ease the administrative workload and help ensure timely processing of renewal requests.

**State Fiscal Effect:** DNR advises it intends to work collaboratively with the tree expert industry during the summer of 2011 to develop regulations by December 2011 that alter current tree expert licensing fees and timing. DNR is primarily interested in establishing biennial licensure, at least doubling the renewal fee, and implementing this new approach with half the license renewals in fiscal 2012 and the other half in fiscal 2013. However, the industry may have an interest in changing original license fees, extending the license renewal period beyond two years, and instituting a different renewal fee amount. Thus, exactly how DNR will change tree expert licensure and, therefore, the bill's impact on State finances, is not clear.

While the bill's fiscal impact depends on the regulations DNR ultimately establishes, *for illustrative purposes*, if, in fiscal 2012, DNR (1) doubles the license renewal fee to \$20 and shifts to biennial licensure with 50% or 600 of the license renewal applicants; and (2) requires the remaining 50% or 600 license renewal applicants to pay the existing \$10 fee for another year, DNR:

- special fund administrative expenditures and staff workload remain level; and
- special fund revenues increase by \$6,000 due to the staggered introduction of biennial payments.

In fiscal 2013 and future years (through the bill's termination date), if DNR requires the remaining 600 license renewal applicants to pay a \$20 license renewal fee and shift to biennial licensure, DNR:

- special fund administrative expenditures, including mailing and printing costs, decrease by approximately \$1,500 annually;
- staff workload efficiencies are realized due to staggering license renewals over a two-year period; and
- special fund revenues return to the fiscal 2011 level due to completing the staggered introduction of biennial payments.

Because the bill is subject to termination, DNR may incur additional administrative costs in fiscal 2017 and subsequent years as a result of transitioning back to current statutory license, renewal, and exam fees for the tree experts. Likewise, State revenues are likely affected during the transition.

**Small Business Effect:** Small tree care businesses are affected to the extent DNR changes licensing fees and frequency. If DNR increases overall licensing fees, small tree care business costs increase. Even so, any such increase is likely to be minimal as the bill requires that fees be set to approximate the cost of licensing. If DNR shifts from annual to biennial licensing, small tree care businesses workload associated with submitting annual license renewal applications decreases.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2011  
ncs/lgc Revised - Senate Third Reader - March 24, 2011

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Tree Expert License – Application and Renewal

BILL NUMBER: SB 80

PREPARED BY: Department of Natural Resources

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.