

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**

Senate Bill 223 (Senator Simonaire)  
Education, Health, and Environmental Affairs

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**Environment - Marine Contractor Services - Boat Lifts**

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This bill modifies the definition of “marine contractor services” to exclude the installation or repair of boat lifts, effectively exempting boat lift contractors from marine contractor licensing requirements.

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**Fiscal Summary**

**State Effect:** Potential decrease in Maryland Department of the Environment (MDE) special fund revenues in FY 2012 and future years due to fewer marine contractor licenses being issued. Potential increase in general fund and nonbudgeted revenues in FY 2012 and future years as marine contractors must secure Maryland Home Improvement Commission (MHIC) contractor licenses instead. Expenditures are not materially affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** “Marine contractor services” means construction, demolition, installation, alteration, repair, or salvage activities located in, on, over, or under State or private tidal wetlands. Furthermore, “marine contractor services” includes (1) dredging and filling; (2) the construction, demolition, installation, alteration, repair, or salvage of structures, including boathouses, boat or other personal watercraft lifts or ramps, slips, docks, floating platforms, moorings, piers, pier access structures, pilings, wetland observation platforms, wetland walkways, and wharfs; and (3) the construction,

demolition, installation, alteration, repair, or salvage of stabilization and erosion control measures, including revetments, breakwaters, bulkheads, groins, jetties, stone sills, marsh establishments, and beach nourishment or other similar projects.

Individuals who undertake or authorize an activity that requires a license or permit in accordance with Wetlands and Riparian Rights provisions of the Environment Article must either hire a licensed marine contractor to do the work or be a licensed marine contractor. To qualify for a license, applicants must meet specified requirements, including having at least two years of experience as a full-time marine contractor or demonstrating similar contractor experience, having a federal tax identification number, passing a written marine contractor test, and having specified insurance. Applicants must provide specified information, complete a specified application form, and pay a license application fee set by the Marine Contractors Licensing Board within MDE. The license is valid for two years. Licensed marine contractors are exempt from MHIC contractor licensing requirements.

Generally, a person must have a contractor license before acting as a contractor in the State. MHIC – housed within the Department of Labor, Licensing, and Regulation (DLLR) – licenses and regulates home improvement contractors, subcontractors, and salespersons in Maryland who perform services at residential properties with fewer than four dwelling units. An individual must pass an examination prior to submitting an application for licensure. In addition to the required application and fee, applicants must meet experience requirements, submit proof of compliance with insurance requirements, submit a credit report, and contribute to the Home Improvement Guaranty Fund, which reimburses homeowners for losses that result from an act or omission by a licensed contractor or that licensee's subcontractor, salesperson, or employee.

## **Background:**

### *Marine Contractor Licensing*

The marine contractor licensing program was established by MDE in 2010 in response to Chapter 286 of 2010. Initially, MDE is issuing registration cards to applicants that will expire on December 31, 2011, unless extended by an action of the board. Governor O'Malley has not yet appointed members to the board; however, MDE anticipates the board will be operational and issuing marine contractor licenses by December 31, 2011.

Marine contractors were required to pay an initial \$300 registration fee by December 31, 2010, and renewal license fees are required every two years in subsequent years. The board is authorized to set reasonable licensing fees that generate revenue to approximate the cost of maintaining the board. As of February 7, 2011, 130 marine

contractors were registered; none of these contractors focuses solely on boat lift installation and maintenance.

### *Maryland Marine Contractors Association*

The Maryland Marine Contractors Association advises approximately 200 marine contractor companies are working in the State, of which approximately 40 companies may work solely on boat lift installation and maintenance.

**State Revenues:** While all marine contractors are currently required to be in compliance with licensing requirements, to the extent additional contractors that exclusively perform boat lift services register in fiscal 2011, the bill has a fiscal impact. Specifically, MDE special fund licensing revenues decrease in fiscal 2012 and future years to the extent fewer licenses are renewed or issued. The current registration fee is \$300; license and renewal fees will be set by the board when it becomes operational.

Also, general fund and nonbudgeted revenues increase in fiscal 2012 and future years as boat lift contractors must secure MHIC licenses instead. The fee for an original MHIC contractor license is \$325 per individual, of which \$225 goes to the general fund and \$100 is allocated to the Home Improvement Guaranty Fund.

**Small Business Effect:** Marine contractors that exclusively perform boat lift services are required to once again be licensed by MHIC, rather than as marine contractors. Thus, they may be subject to lower costs associated with that oversight – including no need to meet continuing education requirements.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources; Maryland Department of the Environment; Department of Labor, Licensing, and Regulation; Maryland Marine Contractors Association; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2011  
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