

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 67

(The Speaker)(By Request - Department of Legislative Services)

Economic Matters

Education, Health, and Environmental Affairs

State Board of Architects - Sunset Extension and Program Evaluation

This bill extends the termination date for the State Board of Architects by 10 years to July 1, 2023, and requires an evaluation of the board by July 1, 2022. The bill includes a related reporting requirement.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: Special fund revenues and expenditures associated with architects in the State Occupational and Professional Licensing Design Boards' Fund are maintained beyond FY 2013. The Governor's proposed FY 2012 budget includes \$132,422 for board operations. The bill's reporting requirement can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Uncodified language requires the State Board of Architects, in conjunction with the other four design boards, to submit a report to specified committees of the General Assembly. (The five design boards include the State Board of Examiners of Landscape Architects, the State Board of Certified Interior Designers, the State Board for Professional Engineers, the State Board for Professional Land Surveyors, and the

State Board of Architects.) By October 1, 2011, the chairs of the design boards must submit a report on the sufficiency of the balance in the State Occupational and Professional Licensing Design Boards' Fund. The report must specifically address the benefits of a fee increase in order to ensure that the collective revenue for the design boards covers total expenditures.

Current Law/Background:

Maryland Program Evaluation Act

The State Board of Architects is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most entities evaluated are also subject to termination, including the board, which is scheduled to terminate July 1, 2013. The sunset review process begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC). LPC decides whether to waive an entity from further (or full) evaluation. If waived, legislation to reauthorize the entity typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

Regulation of Architects

Architects are professionals trained in the art and science of the design and construction of buildings and structures in which people live and work. An architect not only designs the overall aesthetic of buildings and structures but must also ensure that buildings are functional and safe. Architects often work in conjunction with other professionals, including engineers, urban planners, interior designers, and landscape architects.

In Maryland, “practicing architecture” means to provide any service or creative work relating to an addition, alteration, or construction of a building or an integral part of a building that requires education, training, and experience in architecture. It includes architectural design and the preparation of related documents, consultation, design coordination, evaluation, investigation, and planning. State law also requires that, before a licensed architect may issue to a client or submit to a public authority any document required for the issuance of a building permit, the architect who prepared or approved the document must sign, seal, and date the document.

The State Board of Architects regulates the practice of architecture in Maryland. The board is housed within the Division of Occupational and Professional Licensing within the Department of Labor, Licensing, and Regulation (DLLR). The purpose of the board

is to safeguard life, health, public safety, and property and to promote the public welfare by regulating persons who practice architecture in the State.

The board's duties are facilitated by its membership in the National Council of Architectural Registration Boards (NCARB). Activities of NCARB, a national coalition of state architectural boards, include formulating and grading the professional exam, administering an intern development program, and certifying architects to facilitate reciprocity among states and certain Canadian jurisdictions.

As of June 2010, there were 5,545 architects and 709 firms licensed and permitted, respectively, by the board. The number of architects licensed by the board typically increases minimally each year: between fiscal 2000 and 2010 the number of licensed architects increased from 4,749 to 5,545. The number of firms holding a permit issued by the board grew dramatically during this time from 364 to 709, which is a 95% increase. DLLR advises that such increases are not aberrant when compared to the other design boards. According to the department, the design boards have seen an increase in the number of applications for reciprocal licenses in recent years as individuals and firms are conducting more business across state borders.

Chapter 227 of 2003 created the State Occupational and Professional Licensing Design Boards' Fund to ensure that costs for the five design boards were covered by their revenues. Chapter 273 of 2008 extended the fund's sunset date by five years to June 30, 2013. Since 2003, the Secretary of Labor, Licensing, and Regulation has been charged with annually calculating the direct and indirect costs attributable to each of the design boards. With consent of the boards, the Secretary is authorized to average the direct and indirect costs among the boards in order to establish fees that more equitably distribute the costs associated with the operation of each board across all five boards.

Sunset Evaluation Findings and Recommendations

The State Board of Architects last underwent a preliminary evaluation as part of sunset review in 2000. The evaluation found that the board was successfully fulfilling its statutory responsibilities and recommended a waiver from full evaluation. Chapter 73 of 2001 extended the board's termination date by 10 years to July 1, 2013.

During the 2010 interim, DLS conducted a preliminary evaluation of the board, which found that the board performs its statutory and regulatory functions in an effective and efficient manner. Thus, DLS recommended that LPC waive the board from full evaluation and legislation be enacted to extend its termination date by 10 years. Even so, the preliminary evaluation determined that, although licensing activity is stable and the design boards' special fund is solvent, four of the design boards are being partially subsidized by the State Board for Professional Engineers. As a result DLS also

recommended that DLLR, in collaboration with the chairs of the design boards, submit a follow-up report to specified committees of the General Assembly by October 1, 2011, addressing this issue.

The bill implements those recommendations as adopted by LPC at its December 21, 2010 meeting.

Additional Information

Prior Introductions: None.

Cross File: SB 91 (The President)(By Request - Department of Legislative Services) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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