

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 164 (Chair, Health and Government Operations
 Committee)(By Request - Departmental - Health and
 Mental Hygiene)

Health and Government Operations

Finance

**Department of Health and Mental Hygiene - Regulatory Authority - Permit and
 Licensing Renewals and Building Plan Reviews**

This departmental bill lengthens the validity periods for tissue bank permits (from one year to two years) and residential service agency licenses (from one year to three years). The bill also specifies that a soft drink manufacturing plant must submit for review to the Department of Health and Mental Hygiene (DHMH) – rather than to a county health department – properly prepared plans and specifications for any construction, remodeling, or alteration of the plant.

The bill’s provisions related to residential service agencies take effect July 1, 2014.

Fiscal Summary

State Effect: Over a multiyear period, general fund revenues are not affected. However, the timing of receipt of fee revenues changes beginning in FY 2014 to reflect acceleration of revenues into the first and second years and lower collections in the third and fourth years due to the new validity periods. General fund expenditures may decrease minimally as discussed below.

| (in dollars) | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|--------------|----------|-----------|-------------|-------------|-------------|
| GF Revenue | \$33,000 | \$950,000 | (\$485,500) | (\$524,500) | \$1,016,000 |
| Expenditure | 0 | 0 | 0 | 0 | 0 |
| Net Effect | \$33,000 | \$950,000 | (\$485,500) | (\$524,500) | \$1,016,000 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None. The bill’s provisions related to soft drink manufacturing plants merely codify existing practice.

Small Business Effect: DHMH has determined that this bill has minimal or no impact on small businesses (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law/Background: Under current law, a tissue bank permit is effective for one year and may be renewed for an additional one-year term if the permit holder pays a \$100 fee, is otherwise entitled to the permit, and submits a renewal application and satisfactory evidence of compliance with any standards and qualifications for permit renewal.

A residential service agency license is effective for one year and may be renewed for an additional one-year term if the licensee submits a renewal application, a \$500 fee, an annual data collection survey, copies of any policies and procedures that have changed substantively since the department's last review, and valid professional licenses and certificates for all current employees.

The Office of Health Care Quality (OHCQ) within DHMH is required to inspect residential service agencies as well as tissue banks. However, the frequency with which these facilities must be inspected is specified in neither statute nor regulation. OHCQ advises that there are 983 residential service agencies and 330 tissue banks in the State and that it inspected 122 residential service agencies and 20 tissue banks in fiscal 2012.

Title 21, Subtitle 3 of the Health-General Article specifies that a food processing plant or a chain or franchise operation must – before it is constructed, remodeled, or materially altered (or before an existing building or structure is converted or remodeled for use as a food establishment) – submit to DHMH properly prepared plans and specifications for the construction, remodeling, or alteration. The subtitle further specifies that all other food establishments, including soft drink manufacturing plants, must submit their plans and specifications to the appropriate local health department. However, a “food processing plant” is defined elsewhere in the subtitle to include a “soft drink manufacturing plant” – creating an inconsistency in the statute. DHMH advises that current practice is for a soft drink manufacturing plant to (like any other food processing plant) submit to the department any plans and specifications for construction, remodeling, or alteration.

DHMH advises that there are six soft drink manufacturing plants in the State. Like other food establishments, soft drink manufacturing plants are inspected by local health departments.

State Fiscal Effect: OHCQ advises that current fees for residential service agency licenses and tissue bank permits will be adjusted to reflect the longer validity periods established by the bill. Thus, while general fund revenues are not affected over a multiyear period, the timing of receipt of fee revenues changes beginning in fiscal 2014 to reflect acceleration of revenues into the first and second years and lower collections in the third and fourth years due to the new validity periods. The \$33,000 increase in general fund revenues for fiscal 2014 assumes that all tissue bank permits renewed in fiscal 2014 are renewed after the bill's October 1, 2013 effective date.

Because OHCQ does not currently inspect either residential service agencies or tissue banks on an annual basis – and given that the license/permit renewal is not, for either facility, contingent upon inspection by OHCQ – any decrease in general fund expenditures due to streamlined administrative duties is expected to be minimal.

The bill's provisions related to soft drink manufacturing plants merely codify existing practice.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Howard and Montgomery counties, Department of Health and Mental Hygiene, Maryland Association of Counties, Maryland Association of County Health Officers, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2013
mlm/ljm Revised - House Third Reader - March 26, 2013

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Department of Health and Mental Hygiene – Permit and Licensing
Renewals and Building Plan Reviews

BILL NUMBER: HB 164

PREPARED BY: Department of Health and Mental Hygiene

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.