

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1062 (Delegate W. Miller)
 Economic Matters

Business Occupations and Professions - Professional Engineers and Professional Land Surveyors - Revisions and Repeal of Firm Permits

This bill repeals the requirement that engineering firms and land surveying firms obtain a firm permit to operate in the State from the Department of Labor, Licensing, and Regulation (DLLR). Related provisions are also repealed. A licensee of either board who practices the related profession through a corporation, partnership, or limited liability company must be an employee, an owner, a director, an officer, a member, or a partner, as applicable, of the business entity through which the profession is practiced.

Fiscal Summary

State Effect: Special fund revenues for the State Occupational and Professional Licensing Design Boards’ Fund in DLLR decrease by approximately \$9,300 in FY 2018 and \$12,400 annually thereafter from the elimination of land surveying firm permits (engineering firm permits are issued at no cost). Special fund expenditures are not affected; however, staff time and resources are reallocated to other ongoing responsibilities of the boards. Removal of existing penalty provisions is not anticipated to materially affect general fund revenues.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	(\$9,300)	(\$12,400)	(\$12,400)	(\$12,400)	(\$12,400)
Expenditure	0	0	0	0	0
Net Effect	(\$9,300)	(\$12,400)	(\$12,400)	(\$12,400)	(\$12,400)

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

Local Effect: None.

Small Business Effect: Minimal. Engineering and surveying firms are no longer required to apply for firm permits every two years and are no longer subject to related laws repealed

by the bill. Land surveying firms are also no longer required to pay \$100 for a firm permit every two years. However, the overall effect is minimal.

Analysis

Current Law/Background: The five design boards are the State Board of Architects, State Board of Examiners of Landscape Architects, State Board for Professional Engineers, State Board for Professional Land Surveyors, and State Board of Certified Interior Designers. Firms operating under the regulatory authority of each design board, except for certified interior design, must have a permit issued by the appropriate board. Subsequent to Chapter 613 of 2015, which standardized much of the law related to firm permits across the boards, each board has the same general authorities to enforce compliance with permit requirements.

Chapter 227 of 2003 established the State Occupational and Professional Licensing Design Boards' Fund as a special, nonlapsing fund in DLLR. One of the major goals of Chapter 227 was to cluster the design boards, since they regulate similar types of professions, in order to equalize the licensing fees among the design boards. Through this clustering approach, the design boards are required to work more cooperatively together through a Joint Chairs Committee. With consent of the boards, DLLR is authorized to average the direct and indirect costs among the boards to establish fees that distribute the costs associated with the operation of each board across all five boards. With these calculations in mind, the boards are all charged with setting reasonable fees for their services by regulation.

State Fiscal Effect: The State Board for Professional Engineers has 1,455 active engineering firm permits but does not charge a fee for a firm permit. The State Board for Professional Land Surveyors has 248 active firm permits and charges \$100 for each permit. Land surveying firm permits are valid for two years and are renewed on a staggered basis. There is no substantive difference in revenues in even- or odd-numbered fiscal years.

Accordingly, special fund revenues for the State Occupational and Professional Licensing Design Boards' Fund in DLLR decrease by approximately \$9,300 in fiscal 2018, reflecting the bill's October 1, 2017 effective date, and decrease by approximately \$12,400 annually thereafter from the elimination of the land surveying firm permits. This estimate assumes a stable number of surveying firm permits would have been issued in future years and that engineering firm permits would have continued to be issued at no cost. Special fund expenditures are not affected; however, staff time and resources are reallocated to other ongoing responsibilities of the boards that are currently being carried out by shared staff. Removal of existing penalty provisions is not anticipated to materially affect general fund revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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