

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1442 (Delegates Parrott and McComas)
 Economic Matters

Business Regulation - Parcel Delivery Services (Safe Package Delivery Act of 2017)

This bill requires each person that offers a package or parcel delivery service to an address in the State to (1) establish a system for recipients to identify delivery preferences; (2) make the delivery preference selection process known to recipients as part of the normal delivery process; and (3) provide a pickup location that is within 60 highway miles of any delivery address. The system must allow a recipient to (1) identify a specific location at the address or premises where the recipient would like to receive a delivery; (2) select not to receive delivery at the address or premises and instead pick up the delivery from the delivery service; and (3) change delivery preferences. The system also must use a password system to prevent unauthorized access to a recipient’s delivery preferences. The Department of Labor, Licensing, and Regulation (DLLR) must adopt regulations to enforce the bill.

Fiscal Summary

State Effect: General fund expenditures for DLLR increase by at least \$55,200 in FY 2018, escalating to at least \$79,300 by FY 2022, for staff necessary to implement the bill. Future years reflect annualization and the elimination of one-time costs. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	55,200	69,000	72,200	75,600	79,300
Net Effect	(\$55,200)	(\$69,000)	(\$72,200)	(\$75,600)	(\$79,300)

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

Local Effect: None.

Small Business Effect: Meaningful. There are many small delivery service companies in the State for which the bill has a significant operational and financial impact. Small delivery businesses have far fewer resources available to implement the bill than large national companies. For example, a downtown Baltimore City courier business must provide a pickup location that is within 60 highway miles of *any* delivery address in the State and develop an online delivery preference system, among other requirements.

Analysis

Current Law/Background: There is no relevant State law related to package or parcel delivery service.

The State Unemployment Insurance program has more than 300 employer accounts that identify as some type of delivery service.

State Expenditures: DLLR must adopt regulations to enforce the bill, a process that it anticipates will be lengthy due to the size and sophistication of the large delivery service companies. Although the bill does not specify particular enforcement mechanisms or authority for DLLR, it does specifically require that DLLR develop regulations to “enforce” the bill, so an expectation of ongoing enforcement by DLLR is assumed in this analysis. Based on this assumption, the bill creates a new and ongoing requirement for DLLR in an area for which it currently does not have staff expertise.

General fund expenditures increase by at least \$55,209 in fiscal 2018, which accounts for the bill’s October 1, 2017 effective date. This estimate reflects the cost of hiring one *part-time* assistant Attorney General to develop the required regulations and oversee enforcement of the bill on an ongoing basis. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$50,334
Other Operating Expenses	4,875
Total FY 2018 State Expenditures	\$55,209

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Actual expenditures may be significantly higher than this estimate if DLLR is required to engage in litigation, conduct ongoing investigations, or otherwise take a more active role in its enforcement duties.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 13, 2017
fn/mcr

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