

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1368 (Delegate Hornberger)
 Economic Matters

Electricians - Local Licenses - Repeal

This bill generally repeals local authority to license electricians and requires an individual to be licensed by the State Board of Master Electricians prior to providing electrical services as a master electrician in Maryland. The requirement is delayed until October 1, 2020, for an individual holding a local license but not a State license on October 1, 2017. Local jurisdictions retain the ability to establish a local board, and they are authorized to regulate electricians by establishing a system of *registrations* (as opposed to licenses), in addition to the currently authorized permits, fees, and inspections. Conforming and technical changes are made to generally remove provisions related to local licenses.

Fiscal Summary

State Effect: General fund expenditures for the Department of Labor, Licensing, and Regulation (DLLR) increase by \$116,800 in FY 2018 for staff needed to implement the bill. Future years reflect annualization and the elimination of one-time costs. General fund revenues increase by approximately \$25,000 annually beginning in FY 2018 from State licenses issued to master electricians that do not hold a State license on October 1, 2017, because they hold only a single local license, as discussed below.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
GF Expenditure	\$116,800	\$147,200	\$153,900	\$161,100	\$168,700
Net Effect	(\$91,800)	(\$122,200)	(\$128,900)	(\$136,100)	(\$143,700)

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

Local Effect: Local governments that license master electricians (nearly all counties) and journeyman electricians (five counties) are affected by the bill beginning in FY 2018. However, as local governments retain their existing ability to regulate electricians through

a system of permits, fees, and inspections and are authorized to *register* electricians in lieu of licensing, overall local government operations and finances are not materially affected – assuming that existing fees are adjusted and new registration fees are set so as to be revenue neutral.

Small Business Effect: Meaningful.

Analysis

Bill Summary: “License” for purposes of the State electrician law, means, unless the context requires otherwise, a license that is issued by the State Board of Master Electricians to a master electrician.

Generally, an individual must be licensed by the State board before the individual may provide electrical services as a master electrician. An individual holding a local license but not a State license on October 1, 2017, may continue to provide electrical services under the local license through September 30, 2020, and apply one time for a two-year renewal of the local license. Beginning October 1, 2020, any local license issued by a local jurisdiction of the State to provide or assist in providing electrical services is no longer valid, regardless of the expiration date of the license. Conforming and technical changes are made to generally remove provisions related to local licenses.

Current Law: The State Board of Master Electricians in DLLR issues master electrician licenses to qualified individuals under the Maryland Master Electricians Act. Each county is required to adopt licensing qualifications comparable to or more stringent than specified State qualifications or require a State license and enforce compliance with State licensing requirements. In a local jurisdiction that requires a local license, the State license does not authorize the provision of electrical services but serves only as a mechanism for obtaining licenses in each local jurisdiction. In the two jurisdictions that do not have local licensing requirements, Garrett and Allegany counties, an electrician must have a State license to provide electrical services as a master electrician.

To obtain a State license as a master electrician, the applicant must have seven years of experience providing electrical services for all types of electrical equipment and apparatus, under the supervision of a master electrician or a similarly qualified employee of a governmental unit. With the board’s approval, the applicant may count up to three years of formal education and training toward the experience requirement. All applicants, except those seeking inactive status, must maintain general liability insurance of at least \$300,000 and property damage insurance of at least \$100,000.

Background: The State board shares licensing authority with county governments, all but two of which have a licensing program for master electricians. Five counties – Calvert, Charles, Harford, Montgomery, and Prince George’s – also license journeyman electricians. There are currently about 4,000 master electrician licenses issued by the State board and an estimated 2,000 electricians with only a local license.

Statute requires local jurisdictions to enforce licensing requirements. The local policing of the electrical profession primarily occurs through locally issued permits and locally conducted inspections. Every jurisdiction in Maryland has a building permit office that is generally separate from the local licensing board.

Statewide Regulation of Electricians

Two reports issued in recent years have recommended a more uniform licensing structure for master electricians.

The 2010 [sunset review](#) of the State board conducted by the Department of Legislative Services (DLS) examined the issue of a statewide electrician license. The evaluation concluded that, to ensure that electricians are operating in a safe manner throughout the State, a uniform licensing system should be adopted across the State and recommended that this be accomplished by establishing a new State Board of Electricians modeled after other statewide regulatory licensing boards.

In its evaluation DLS recommended that the current State board be allowed to terminate and that it be replaced by a new State Board of Electricians with statewide regulatory authority, in addition to other recommendations. The evaluation further recommended that the board have authority over multiple licensing levels and that DLLR seek special funding authority for the board. However, these recommendations were not adopted by the General Assembly.

Chapter 579 of 2013 established the Task Force to Study Licensing and Continuing Education Requirements for Electricians. The task force had to, among other duties, (1) examine proposed changes to the State licensing requirements for electricians in the State and (2) review appropriate approaches for the licensure of electricians at the State and local level. The [final report](#) makes a number of recommendations, including the adoption of a statewide master electrician license.

State Fiscal Effect: Currently, an individual can hold a single local license if the individual wishes to work as a master electrician in only one jurisdiction. An individual holding a local license but not a State license on October 1, 2017, may continue to provide electrical services under the local license and apply one time for a two-year renewal of the local license. At that point, the individual must hold a State license. Further, beginning

October 1, 2020, *any* local license is no longer valid, regardless of the expiration date of the license; this includes local journeyman licenses. DLLR estimates that there are approximately 2,000 individuals with just a local master license.

General fund revenues increase by approximately \$25,000 annually beginning in fiscal 2018 from additional licenses issued to master electricians who do not hold a State license on October 1, 2017. This estimate assumes that 1,000 licenses are issued annually in each of fiscal 2018 and 2019; however, general fund revenue may not significantly increase until fiscal 2021 if most individuals do not apply for a State license until the final October 1, 2020 deadline. Licenses are \$25 and must be renewed every two years. This estimate does not account for any further change in the number of licenses issued by the State board.

As the bill is expected to increase the number of State licensees by about 50%, DLLR advises that it requires additional staff to process license applications and complaints. As noted above, license applications increase as early as fiscal 2018. Currently, a single staff person is shared between two boards (master electricians and stationary engineers) for license issuances, and the board does not have a dedicated investigator. Any incremental work on behalf of the board requires additional staff.

Therefore, general fund expenditures increase by \$116,782 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one administrator and one investigator to handle anticipated increases in the responsibilities of the board. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$107,154
Other Operating Expenses	<u>9,628</u>
Total FY 2018 State Expenditures	\$116,782

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

Local Fiscal Effect: Local governments that license master and journeyman electricians (nearly all counties) are affected by the bill's phase out of all local licensing by October 1, 2020. Many counties collect a moderate amount of revenue from licensing fees. Under the bill, beginning October 1, 2017, local licenses to provide electrical services held by licensees that also hold a State license are no longer valid. For individuals who hold only local licenses on that date, the local licenses allow the individuals to provide electrical services through October 1, 2020. However, it is assumed that at least half of these

individuals elect to get a State license rather than renew their local license in fiscal 2018, and the other half do so in fiscal 2019.

Despite the loss of local licensing revenues, local governments retain their existing ability to regulate electricians through a system of permits, fees, and inspections, and they are authorized to register electricians in lieu of licensing, so overall local government operations and finances are not materially affected. This assumes that existing fees are adjusted and new registration fees are set so as to be revenue neutral.

It is assumed that the five counties that issue journeyman licenses will instead issue registrations. The overall effect is likely revenue neutral.

Small Business Effect: Generally, electricians must have licenses issued in each local jurisdiction to provide electrical services in that jurisdiction. DLLR advises that some licensees carry as many as 22 different licenses in order to be able to work statewide. Although the State passport license is available, it only expedites reciprocity; an individual must still obtain the license in each local jurisdiction to work – and pay the licensing fee and meet continuing education requirements. Establishing a single license, and replacing local licenses with local registrations, removes a significant portion of the administrative time and expense necessary to comply with the existing local licensing laws.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Charles, Harford, Montgomery, and Prince George's counties; Department of Legislative Services

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