

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 153 (Senator Boozer)
Finance

Business License Information - “One-Stop” System

This bill requires the Office of Regulatory and Environmental Assistance at the Department of Business and Economic Development (DBED) to provide a one-stop system for the business community to acquire and maintain necessary State licenses. The office must provide information on all required licenses, assist businesses with all applications, and work with businesses regarding delays and disputes in the licensing process. The office must also implement and administer an automated master application system. The authority for determining whether a requested license will be issued will remain with the authorizing agency, and the applicant may choose to deal directly with that agency.

Each State agency must cooperate fully with the office, and designate a business license coordinator. Each agency must review regulatory and license requirements and provide a written report to the office that identifies those requirements that affect the business community; indicates which requirements should be eliminated, modified, or consolidated with other requirements; and explains the need for continuing those requirements not recommended for elimination.

Fiscal Summary

State Effect: General fund expenditure increase of up to \$408,000 in FY 1997, with potential additional expenditures on computer equipment and services; out-year expenditures would increase or decrease commensurate with service demand. Potential indeterminate increase in revenues.

Local Effect: Potential indeterminate increase in revenues; expenditures would not be affected.

Fiscal Analysis

Bill Summary: The Office of Regulatory and Environmental Assistance must provide information regarding all State licensing and regulatory requirements, and all local and federal requirements to the extent feasible. It must establish a license information service, provide the most recent forms and information sheets on required licenses, and prepare a complete directory of all State licenses required to do businesses in the State. The office must identify for an applicant the type and source of licenses required, and potential difficulties in obtaining the licenses. If the office fails to identify a needed license, the applicant may not be assessed a penalty for failure to obtain that license if they submit an application within 60 days of written notification that such a license is required.

The office must assist the applicant with application preparation, status updates, and information on any processing delay. If necessary, the office must arrange an informal conference between the business and the appropriate agency to clarify licensing requirements. The office may assist the applicant in resolving a dispute with an agency during the application process, and may explain the recourse available if the application is refused.

The office must also implement and administer an automated master application system; it must determine those licenses appropriate for inclusion in the system. It may not include environmental licenses in the system. The office must collect fees and must keep an original signed application form for licenses applied for through the office. If the office fails to apply for an application for a required license and the applicant did not know that the license was required, the applicant will not be liable for any penalties for failure to have the license if they apply for the license within 30 days of being notified.

Each State agency must provide information on the licenses and regulatory requirements of the agency, must coordinate conferences with applicants, and develop a plan for an automated master application system. On request, the agency must provide the status of a license application or renewal and work with the office or applicant to resolve any dispute.

State Revenues: To the extent that this legislation spurs employment and economic development, tax revenues could increase. While fee revenues should remain constant whether they are collected by DBED or the relevant agency, it is unclear if the revenues would remain with DBED or be forwarded to the agency. If fee revenues remain with DBED, then DBED's special and general fund revenues would increase commensurate with the decrease in special and general fund revenues at other executive agencies.

State Expenditures:

Increased Responsibilities for the Office of Regulatory and Environmental Assistance

This bill requires DBED to provide a clearinghouse of licensing information and assistance for businesses. The Office of Regulatory and Environmental Assistance has funding in its fiscal 1997 budget proposal for two professional staff and one support staff. Currently, this office focuses primarily on assisting businesses that are receiving incentive deals through the various financing programs or that encounter a problem with the regulatory process.

DBED reports that this bill would require them to become involved in the day-to-day permit and regulatory process, which would greatly increase the workload of the department in this area. DBED anticipates that it would hire 37 additional personnel at a cost of approximately \$1 million in fiscal 1997, and incur \$381,500 in additional expenditures due to computer system requirements, additional equipment, communications, and rent.

However, the Department of Fiscal Services (DFS) advises that there is no indication at this time as to the number of businesses that would use this service. Therefore, the level of expenditure increase cannot be predicted at this time. However, due to the requirement that DBED set up an automated master application system in conjunction with the various agencies, contractual expenditures for computer system development would indeed be significant. Estimates of personnel and space needs, however, are much less definite.

It is advised that DBED could hire a certain percentage of personnel during the start-up phase of the program, and base any additional hires on the level of demand for service that is encountered. **For example, if DBED were to start-up at 20% of anticipated staffing levels (with commensurate levels of space and equipment) fiscal 1997 expenditures would roughly total \$360,000.** This figure includes \$100,000 for expenditures on computer systems development. However, depending on the complexity of the system needed, systems development expenditures could be significantly more expensive. Out-year expenditures would increase or decrease depending upon program demand levels.

Other Agencies with Regulatory Responsibility

To the extent that businesses use the one-stop shop at DBED, certain processing and customer service functions would not need to be handled at the various regulatory agencies. For instance, the Maryland Department of the Environment (MDE) has established an Environmental Permit Service Center to assist businesses with environmental permits. Personnel could be transferred from this center to the one-stop shop at DBED depending upon the level of demand at each location. In addition, clerical staff that currently handle certain processing tasks could feasibly be transferred to DBED from the various agencies to handle those same tasks. As for the Business License Coordinator that the bill requires, MDE and the Department of Labor, Licensing, and Regulation report that they would need

an additional person. However, DFS advises that the various agencies currently have personnel handling similar functions who could take on this responsibility.

It is assumed that DBED will incur the costs associated with the automated master application system. However, each agency will presumably need to link with this system to properly process the applications received (except for MDE, as environmental permits are excluded from the automated system). Indeterminate expenditures on computer equipment and software could be required.

The legislation also requires that agencies be able to provide status reports on various permits and licenses. For the most part, agencies should be able to respond to these information requests with existing resources. However, given the problems that MDE has experienced in compiling information on permit issues, it is probable that the additional permit tracking required by this bill would require additional resources. To some extent, as more businesses receive assistance from DBED, existing resources at MDE's Environmental Permits Center could be reallocated to these functions. **If entirely new personnel were needed, expenditures for salaries, benefits, and equipment at MDE would total approximately \$48,000 in fiscal 1997.**

Local Revenues: To the extent that this legislation spurs employment and economic development, tax revenues could increase.

Information Source(s): Department of Business and Economic Development; Maryland Department of the Environment; Department of State Police; Department of Natural Resources; Department of Labor, Licensing, and Regulation; Department of Fiscal Services

Fiscal Note History: First Reader - February 5, 1996
ncs

Analysis by: Kim E. Wells
Reviewed by: John Rixey
(410) 841-3710
(301) 858-3710

Direct Inquiries to:
John Rixey, Coordinating Analyst