

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 24 (Senator Ferguson)
Economic and Environmental Affairs

Proration of Fees for Licenses Issued Under the Business Occupations and Professions Article

This bill alters the proration fee schedule for licenses issued under the Business Occupations and Professional Article by providing that the fee for an initial license issued for a two-year term must be prorated by the number of months remaining in the term of that license.

Fiscal Summary

State Effect: General fund revenues could decrease by \$111,700 in FY 1997. General fund expenditures could increase by \$25,000. Out-year revenue decreases reflect a full-year adjustment in the proration fee schedule, and increases in licensing activity and fees charged.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$111,700)	(\$153,400)	(\$158,000)	(\$162,800)	(\$167,700)
GF Expenditures	25,000	0	0	0	0
Net Effect	(\$136,700)	(\$153,400)	(\$158,000)	(\$162,800)	(\$167,700)

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

Local Effect: None.

Fiscal Analysis

State Revenues: This bill would affect about 15,000 professional licenses issued annually by the Department of Labor, Licensing, and Regulation (DLLR). Under current law, it is estimated that the department would collect \$415,000 in initial license fees in fiscal 1997. If the license fees are prorated, as provided by this bill, the department would collect about \$303,300, for a difference of \$111,700. This figure reflects the October 1, 1997 effective date and is based on the assumption that licenses are issued on a continual basis throughout the term of the licensing period. In other words, the department would issue the same

number of initial licenses in the first month of the licensing term as it issues in the last month of the licensing term.

Revenue projections in the out-years are adjusted to reflect a full-year adjustment in the proration fee schedule, a 3% increase in licensing activity, and a 3% increase in the fees charged.

It should be noted, however, that the professional licensing programs must be self-sufficient by statutory requirement or by directives of the budget committees. Therefore, if the revised fee schedule does not produce enough revenue to support the various programs, the licensing fees may be increased.

State Expenditures: In order to upgrade computer programs to reflect the revised prorated fee structure, DLLR would need to hire contractual programmers at an estimated cost of \$20,000. It is also anticipated that the department would need to discard all obsolete printed material and replace it at an estimated one-time, replacement cost of \$5,000. Total expenditures in fiscal 1997 are estimated to increase by \$25,000.

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

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