SB 85

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 85 (Senator Sfikas)
Economic and Environmental Affairs — Referred to Economic Matters

Locksmiths - Regulation

This amended bill creates a State Board of Locksmiths within the Department of Labor, Licensing, and Regulation and provides that the board must develop procedures for examining and licensing individuals to provide locksmith services. The bill establishes qualification and eligibility standards for locksmith applicants, sets minimum liability insurance requirements for licensed locksmiths, authorizes the board to set fees, and includes a penalty provision for noncompliance.

The bill sunsets on October 1, 2006 and provides that an evaluation of the board be conducted on or before October 1, 2005.

Fiscal Summary

State Effect: General fund revenues could increase by $177,500 in FY 1997. Out-year revenues reflect the biennial licensing requirement, turnover, and growth. General fund expenditures could increase by about $102,100, which includes one-time start-up costs. Out-year expenditures reflect a full year of operation, salary increases, and inflation. In addition, general fund revenues and expenditures could increase by a minimal but indeterminate amount due to the bill's penalty provision.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	$177,500	$17,800	$183,000	$18,400	$188,500
GF Expenditures	102,100	82,100	85,100	88,100	91,400
Net Effect	$75,400	($64,300)	$97,900	($69,700)	$97,100

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

Local Effect: Local revenues and expenditures could increase by a minimal but indeterminate amount due to the bill's penalty provision.

Fiscal Analysis

State Revenues: The bill authorizes the State Board of Locksmiths to establish reasonable fees for the issuance and renewal of licenses. It is assumed that the board would establish fees in relationship to the costs of administering the program. The Department of Fiscal Services estimates that the fee for a full locksmith license would be set at $250 and the fee for an apprentice locksmith license would be set at $100.

The Department of Labor, Licensing, and Regulation (DLLR) estimates that 650 locksmiths and 150 apprentices would be licensed in fiscal 1997. Accordingly, general fund revenues would increase by $177,500 which reflects the October 1, 1996 effective date. Future year revenue projections reflect the biennial licensing requirement, 7% turnover, and 3% growth.

Revenues could also increase under the bill's monetary penalty provision for those cases heard in the District Court, depending upon the number of convictions and the fines imposed. However, any increase in revenue should be minimal since the maximum penalty is $3,000.

State Expenditures: The bill establishes a State Board of Locksmiths which will be comprised of seven members. Members are entitled to expense reimbursement under the standard State travel regulations. In addition, the board may employ a staff of employees in accordance with the State budget.

DLLR would need one Administrative Officer and one Secretary to operate the program. The department would also use 25% of an Attorney General's time. As a result, general fund expenditures would increase by $102,069 in fiscal 1997. This figure reflects $39,997 in salaries, fringe benefits, ongoing operating costs, one-time start-up costs, and the October 1, 1996 effective date. The first-year expenditures are itemized below:

Salaries and Fringe Benefits	$55,397
Expense Reimbursement for Board Members	1,900
Contractual Services to Initiate Exams	30,000
Furniture and Equipment	11,025
Operating Expenditures	3,747
Total FY 1997 Expenditures	$102,069

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% increases in ongoing operating expenses.

The board may deny a license to an applicant convicted of a crime directly related to the locksmith profession and that applicant may, in turn, request a hearing to appeal that decision. However, the cost of the hearing is to be paid by the applicant. Therefore, this provision of the bill would not increase State expenditures.

General fund expenditures could increase as a result of the bill's incarceration penalty due to more people being committed to a Division of Correction (DOC) facility and increased payments to counties for reimbursement of inmate costs, depending upon the number of convictions and sentences imposed. However, since the maximum penalty is three years and violators are not usually incarcerated for noncompliance with business regulations, DFS does not anticipate an increase in inmate costs as a result of this bill.

Local Revenues: Revenues could increase under the bill's monetary penalty provision for those cases heard in the circuit courts, depending upon the number of convictions and the fines imposed. However, any increase in revenue should be minimal since the maximum penalty is $3,000.

Local Expenditures: Expenditures could increase as a result of the bill's incarceration penalty depending upon the number of convictions and sentences imposed. However, since the maximum penalty is three years and violators are not usually incarcerated for noncompliance with business regulations, DFS does not anticipate an increase in inmate costs as a result of this bill.

Additional Comments: The examination requirements of the bill may be waived if the applicant (1) applies for a license within three months of the effective date of the bill; (2) has been issued a locksmith license within the previous two years from another state; and (3) has practiced continuously for two years immediately preceding the application date.

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

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Analysis by: Tina Bjarekull
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710