

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1301 (Delegate Schade)
Economic Matters

Business Regulation - Home Improvement Commission - Distribution of Civil Penalties Collected

This bill alters the distribution of civil penalties collected by the Maryland Home Improvement Commission. The commission is required to distribute the money collected for a violation to the complainant for the full amount of any actual damages proved by the complainant not exceeding 50% of the moneys collected. After the complainant is reimbursed, the commission may keep the moneys necessary to cover the full amount of administrative costs incurred by the commission in dealing with that violation. Any money remaining after the commission has recovered its costs, will be deposited into the State general fund. Under current law, the civil penalties collected are deposited into the State general fund.

Fiscal Summary

State Effect: Potential minimal decrease in general fund revenues as discussed below. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None. Changing the distribution of civil penalties collected from convicted violators of home improvement law would not materially affect the 18,500 State home improvement licensees, the majority of whom are employed by small businesses.

Fiscal Analysis

State Effect: The Home Improvement Commission advises that the amounts recovered from civil penalties are not appreciable in relation to the amounts assessed. In fiscal 1996, \$327,916 in civil penalties were assessed but only \$43,246 was collected and deposited into

the State general fund. The commission advises that costs associated with the complaint process are far greater than the civil penalties repaid to the commission.

After the claimant receives up to 50% of the civil penalty collected, the commission advises that there would not be enough remaining to cover the commission's costs. Based on 1996 data, up to \$21,623 would go to claimants, with the remaining \$21,623 going to the commission and the general fund. The commission's costs include: the commission's investigation of the complaint, the Attorney General's office review of the complaint, and the administrative courts hearing of the complaint. As a result, there would be minimal or no funds remaining to be deposited into the general fund based on the distribution requirements specified in the bill. This would reduce general fund revenues annually by the amount of civil penalties collected under current law, approximately \$43,000 based on 1996 collections.

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

Fiscal Note History: First Reader - March 11, 1997

nrd

Analysis by: Shelley Finlayson

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710