

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1223 (Delegate Barve, *et al.*)

Economic Matters

Referred to Economic & Environmental Affairs

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Maryland Home Improvement Law - Criminal Penalties

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This amended bill alters the circumstances under which a person may be held criminally liable for certain violations of home improvement laws by eliminating the requirement that a person must “knowingly and willfully” violate the provisions to be guilty. The bill also decreases the penalty for the first conviction of acting as a contractor or subcontractor without a license to a fine not exceeding \$1,000 and/or imprisonment not exceeding 30 days. The penalty for a second or subsequent violation is a fine of up to \$5,000 and/or imprisonment not exceeding two years. Under current law, any conviction of this provision carries a penalty of a fine of up to \$5,000 and/or imprisonment not exceeding two years.

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Fiscal Summary

**State Effect:** Potential minimal increase in general fund revenues and expenditures due to the altered circumstances under which a person may be held criminally liable and applicable penalty provisions. Potential minimal decrease in general fund revenues and expenditures due to the reduced penalty for first convictions.

**Local Effect:** Minimal increase in revenues and expenditures due to the bill’s penalty provisions.

**Small Business Effect:** Potential meaningful effect on small home improvement businesses that violate home improvement laws and are convicted under the altered circumstances under which a person may be held criminally liable. The lesser first conviction penalty could ease the costs to small businesses that violate home improvement laws.

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Fiscal Analysis

**State Revenues:** General fund revenues collected from persons on their first conviction could decrease as a result of the reduced fine penalty for first convictions. Overall, however, general fund revenues could increase due to the altered circumstances under which a person may be held criminally liable and larger potential number of convictions and fines imposed.

**State Expenditures:** State expenditures for those convicted for their first violation could decrease as a result of the reduced imprisonment term for first convictions. Overall, however, the bill is assumed to widen the pool of offenders and increase general fund expenditures as a result of applicable incarceration penalties. More people could be committed to a Division of Correction (DOC) facility and payments to counties could increase for reimbursement of inmate costs, depending upon the number of convictions and sentences imposed.

Persons serving a sentence longer than one year are incarcerated in a DOC facility. In fiscal 1998 the average monthly cost per inmate is estimated at \$1,500.

Persons serving a sentence of one year or less are sentenced to a local detention facility. The State reimburses counties for part of their per diem rate after a person has served 90 days. State per diem reimbursements for fiscal 1998 are estimated to range from \$12 to \$42 per inmate depending upon the jurisdiction. Persons sentenced to such a term in Baltimore City are generally incarcerated in a DOC facility, with an average monthly cost estimated at \$1,500 for fiscal 1998. [The Baltimore City Detention Center (BCDC), a State operated facility, is used primarily for pretrial detentions. The per diem cost for BCDC in fiscal 1998 is estimated at \$43 per inmate.]

**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 fines imposed.

**Local Expenditures:** Expenditures could increase if the pool of offenders widens as a result of applicable incarceration penalties, depending upon the number of convictions and sentences imposed. Counties pay the full cost of incarceration for people in their facilities for the first 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of local detention facilities are expected to range from \$23 to \$83 per inmate in fiscal 1998.

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

**Fiscal Note History:** First Reader - February 25, 1997

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