

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1214 (Delegate Arnick)
Environmental Matters

State Board of Opticians

This bill establishes a State Board of Opticians in the Department of Labor, Licensing and Regulation comprised of five members appointed by the Governor. The board may establish licensing requirements, terms, and fees, and may deny, reprimand, suspend, or revoke a license and hold hearings under specified circumstances. An individual must be licensed to practice as an optician. Any person who violates any provision of the bill is subject to a fine of up to \$500 and/or imprisonment of up to six months. The licensure requirements do not take effect until October 1, 1998. The bill also specifies that the board will undergo a sunset evaluation on or before October 1, 2006.

Fiscal Summary

State Effect: General fund revenues would increase by \$170,500 in FY 1998. Future year revenues reflect biennial renewal fees and annual growth. General fund expenditures would increase by about \$106,700 in FY 1999. Future year expenditures reflect inflation. In addition, general fund revenues and expenditures could increase by an indeterminate amount due to the bill's penalty provisions.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$170,500	\$55,000	\$232,300	\$17,900	\$246,400
GF Expenditures	106,700	118,600	122,600	126,600	130,900
Net Effect	\$63,800	(\$63,600)	\$109,700	(\$108,700)	\$155,500

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

Local Effect: Local expenditures and revenues could increase by an indeterminate amount due to the bill's penalty provisions.

Small Business Effect: Meaningful impact on small business as discussed below.

Fiscal Analysis

State Revenues: The board may establish a fee for the application, examination, issuance and renewal of a license for the estimated 2,000 opticians currently practicing in the State. The fees are supposed to cover the direct and indirect costs of the program. Since licenses are issued for a two-year term, it is assumed that the board will establish a fee schedule that reflects the costs of operating the program for a two-year period.

Since the program is projected to cost \$225,000 for the initial two-year term, it is estimated that a license fee of \$110 biennially will be established. Because the bill requires opticians to be licensed by October 1, 1998, it is assumed the licensing fees would be collected as follows: about \$170,500 in fiscal 1998 based on license fees collected from 1,550 opticians from October 1, 1997 through June 30, 1998 and \$55,000 in fiscal 1999 based on license fees collected from 500 opticians from July 1, 1998 through October 1, 1998 (the effective date of the licensure requirement). These general fund revenues reflect the fees collected from 2,050 opticians, 50 of whom represent projected industry growth from fiscal 1998 to fiscal 1999. Future year revenue projections reflect a complete biennial licensing cycle and 3% annual increase due to growth and inflation.

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 fines imposed.

State Expenditures: It is estimated that the Department of Labor, Licensing and Regulation would need to hire one Administrator, one Office Secretary, one part-time Assistant Attorney General, and one part-time contractual Investigator to set up the program, perform licensing requirements, and conduct investigations. As a result, general fund expenditures would increase by an estimated \$106,700 in fiscal 1998. This figure reflects salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and a 90-day start-up delay.

The bill also establishes a five-member board. While board members would not be entitled to compensation, they would be eligible for expense reimbursements according to standard State travel regulations. Assuming the board meets monthly, the annual cost for reimbursing eligible expenses would be about \$3,000.

DLLR advises that contractual expenditures could increase by an estimated \$25,000 to develop the examination to be administered by the board to license opticians. The Department of Fiscal Services (DFS) assumes that DLLR would not have to create a wholly new examination given that both national and state examinations are available. Additional expenditures may be necessary to establish a State optician examination although the cost is assumed to be significantly less than the \$25,000 estimated by DLLR.

DLLR also advises that computer programming expenditures could increase by an estimated

\$10,000 to modify the computer programs as proposed in this legislation. DFS advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the DLLR system. Further, DFS advises that the increased computer expenditure is simply an estimate and the DLLR may be able to handle the changes with either less money than it estimates or existing resources.

General fund expenditures could increase as a result of the bill's incarceration penalty due to the increased payments to counties for reimbursement of inmate costs, depending upon the number of convictions and fines imposed. However, since the maximum penalty is six months 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 provisions for those cases heard in the circuit courts, depending upon the number of convictions and fines imposed.

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 six months 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.

Small Business Effect: There are an estimated 2,000 opticians currently practicing in the State. It is assumed that the majority of these opticians are employed by small businesses such as optical goods stores and optometrist offices. The bill could have a meaningful effect on these small businesses. The licensing requirements provided in the bill could increase the cost of doing business and could create barriers to market entry for new small businesses. Licensees would be required to pay an estimated \$110 biennially to be licensed and practice in the State. Depending upon the regulations promulgated, additional administrative requirements could be imposed on businesses that employ opticians.

Information Source(s): Department of Labor, Licensing and Regulation; Opticians Association of America; American Board of Optometry

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