

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 127 (Delegate Fulton)  
Environmental Matters

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Health - Hotels - Cleaning Commonly Used Items

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This bill requires hotels and motels to clean all “commonly used items in a hotel room” after each rental. The Department of Health and Mental Hygiene (DHMH) is required to at least annually inspect all hotels to ensure that rooms are being cleaned. The department’s inspection costs are to be reimbursed by the hotel owner. Civil penalties are imposed on persons who violate any provisions of the bill.

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Fiscal Summary

**State Effect:** Potential minimal increase in general fund revenues due to the bill’s penalty provision. No effect on expenditures as discussed below.

**Local Effect:** No net effect. Total local expenditures could increase by an estimated \$967,400 in FY 1998, which would be offset by an equal amount in additional revenues.

**Small Business Effect:** Meaningful effect on small businesses as discussed below.

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Fiscal Analysis

**State Revenues:** General fund revenues could increase under the bill’s monetary penalty provision for those cases heard in the District Court, depending upon the number and amount of fines imposed.

**State Expenditures:** There would be no impact for the Department of Health and Mental Hygiene because the department advises that implementation would be carried out by local health departments. Local health departments frequently act as the operational arm for the implementation and delivery of public health services, such as environmental health services and inspection of food establishments. DHMH provides Targeted Health Services funding to local jurisdictions for public health services. The proposed fiscal 1998 budget includes \$42.5 million in Targeted Health Services general funds.

**Local Effect:** DHMH advises that local expenditures and revenues could increase by an estimated \$1.4 million in fiscal 1998 and \$1.9 million annually for local health departments to carry out the bill's inspection provision. Local revenues would increase by a corresponding amount, since inspection costs are to be reimbursed by the hotel owner. The \$1.4 million estimate reflects (1) 54,000 hotel rooms in Maryland; (2) \$35 cost to inspect each room (\$25 in staff costs and \$10 in operating costs); and (3) the bill's effective date of October 1, 1997.

The Department of Fiscal Services, however, advises that local expenditures and revenues would increase by an estimated \$967,401 in fiscal 1998, which reflects the bill's October 1, 1997 effective date, and \$761,686 on an annualized basis. Local revenues would increase by a corresponding amount, since inspection costs are to be reimbursed by the hotel owner. Fiscal Services estimated the number of staff persons and associated costs required to inspect 54,000 hotel rooms each year. As a result, the \$967,401 estimate reflects the cost of hiring 18 Sanitarians to inspect hotel rooms. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The 18 Sanitarian positions reflect a statewide aggregate; some jurisdictions will require one or two new positions, while others will need only a portion of a position. The information and assumptions used in calculating the estimate are stated below:

- each inspection takes 20 minutes, for a total of 24 rooms inspected/day;
- there will be 150 inspection-days per year for each person (includes down time for travel of two days per week);
- there are 54,000 hotel rooms to be inspected; and
- 20% of the rooms will require re-inspection.

Salaries and Fringe Benefits	\$453,101
Vehicle Purchase	216,000
Office furniture/computers	81,630
Technical equipment	100,000
Travel	91,260
Other Operating Expenses	<u>25,410</u>
<b>Total FY 1998 Local Expenditures</b>	<b>\$967,401</b>

**Small Business Effect:** There could be a significant impact on hotels, motels, and lodging places that are small businesses, since hotel owners are required to reimburse inspection costs. The inspection cost incurred by hotel owners is estimated by Fiscal Services to be \$14 per room.

There were 622 hotels and other lodging places in Maryland in 1995. On a statewide basis, the average number of employees was 38. The majority of establishments located outside of the State's metropolitan areas and Ocean City are assumed to be small businesses. For illustrative purposes, 30% of the establishments in Maryland were located in the Baltimore metropolitan area.

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**Information Source(s):** Department of Health and Mental Hygiene (Community and Public Health Administration); Department of Fiscal Services; Department of Business and Economic Development (Office of Tourism Development); Department of Labor, Licensing, and Regulation; Smith Travel Research

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