

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1339 (Delegate Pitkin)  
Economic Matters

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**Business Occupations - Licensure of Computer Repair Technicians**

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This bill requires that, beginning on January 1, 1998, a person must be licensed by the State in order to provide computer repair technician services. The bill establishes a State Board of Computer Repair Technicians in the Department of Labor, Licensing, and Regulation comprised of seven members appointed by the Governor. The board may establish licensing requirements, terms, fees, and regulations; may deny, reprimand, suspend, or revoke a license; and may hold hearings under specified circumstances. The bill specifies that the application fee for computer repair technician licenses is \$150. The board may also waive the application requirements for a computer repair technician licensed in another state in which the qualifications are at least equivalent to Maryland's and who pays a \$15 fee. A person who violates any provision of this bill is subject to a fine of up to \$1,000 and/or imprisonment for up to one year. The bill is effective on July 1, 1997.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in general fund revenues and expenditures.

**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.

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**Fiscal Analysis**

**State Effect:** The number of individuals to whom the bill would apply cannot be reliably estimated based on the definition provided in the bill, although the number is assumed to be potentially significant. As written, the term computer repair technician would apply to any individual that repairs computer hardware, replaces computer hardware or makes changes,

upgrades, or adjustments to computer hardware. This would include State and local government workers that perform such tasks, individuals that work on computer hardware, in any form, such as a car, as well as individuals who work on personal computers, mini computers, mainframes, and micro computers. As a result of the broad nature of the definition of computer repair technician, the fiscal impact of this bill cannot be reliably quantified at this time.

The bill provides that the board may establish a reasonable fee for the application, examination, issuance, and renewal of a license for the indeterminate number of computer repair technicians currently practicing in the State. The bill states that 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. However, it should be noted that the bill also specifies that the board would charge computer repair technicians seeking licensure a \$150 application fee and a technician licensed in another state seeking licensure in Maryland a \$15 processing fee.

For purposes of illustration only, if 2,000 individuals applied for computer repair technician licenses, the program is estimated to cost \$225,000 for the initial two-year term. Based on program costs it is estimated that a license fee of \$110 biennially would be established.

However, if the application fee of \$150 were charged as required by the bill, \$300,000 in revenue would be generated biennially, more than covering the cost of the program. Thus, there should be no revenues associated with the license, only the application. 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.

Based on the 2,000 applicant example stated above, it is estimated that the Department of Labor, Licensing, and Regulation (DLLR) 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 \$225,000 for the initial two-year term of fiscal 1998 and 1999. This figure reflects salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Each licensee is also required to record the license with the Secretary of State. As a result, the Office of the Secretary of State advises they would need to hire one part-time Secretary to handle the volume of calls, correspondence, data entry and management which would increase expenditures by an estimated \$30,200 in fiscal 1998. This includes salary, fringe benefits, one-time start-up costs, ongoing operating expenses and contractual services.

The bill also establishes a seven-member board. Board members would be entitled to “reasonable fees” set by the board for each day the member engages in the duties of office. The amount of these fees are indeterminate, but assumed to be minimal. The board members would also 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 also advises that computer programming expenditures could increase by an estimated \$10,000 to modify the computer programs as proposed in this legislation. The Department of Fiscal Services (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. 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. However, since the maximum penalty is one year 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 also 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 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. However, since the maximum penalty is one year 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 indeterminate, but potentially significant number of

computer repair technicians currently operating in the State. As written, the term computer repair technician would apply to any individual that repairs computer hardware, replaces computer hardware or makes changes, upgrades, or adjustments to computer hardware. This would include State and local government workers that perform such tasks, individuals that work on computer hardware in any form, such as a car, as well as individuals who work on personal computers, mini computers, mainframes and micro computers. It is assumed that some portion of these computer repair technicians are employed by small businesses.

This 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 a \$150 application fee and may be required to pay an additional licensing and renewal fee biennially to be licensed and practice in the State. Licensees are required to carry and display the license on the demand of any customer or law enforcement official. Depending upon the regulations promulgated, additional administrative requirements could be imposed on businesses that employ computer repair technicians.

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**Information Source(s):** Annapolis Computers; Association of Maryland Computer Professionals; Computing Technology Industry Association; Department of Labor, Licensing, and Regulation; Secretary of State; Department of Fiscal Services

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