

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

House Bill 381 (Delegate Crvor. *et al.*)

Economic Matters

Security Guards - Certifications and Renewals

This bill (1) establishes a renewal process for certification; (2) establishes a \$10 renewal fee; (3) provides a 3-year renewal period and staggers the certification terms; (4) requires an applicant to be of good moral character and reputation; (5) requires certification cards to contain the date on which the certification expires; and (6) authorizes the Secretary of State Police to reprimand a certified security guard, or suspend, revoke, or refuse to renew a certification if the individual pleads guilty or nolo contendere to or is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the applicant to be certified as a security guard.

Fiscal Summary

State Effect: General fund revenues would increase by approximately \$224,000 in FY 2000, reflecting 22,400 new certifications and renewals. General fund expenditures would increase by approximately \$204,300 in FY 2000 reflecting the bill's October 1, 1999 effective date and one-time start-up costs. Out-year estimates reflect annualization, a 3-year licensing period, inflation, and growth.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$224,000	\$224,000	\$224,000	\$224,000	\$224,000
GF Expenditures	\$204,300	\$183,000	\$190,000	\$220,100	\$204,900
Net Effect	\$19,700	\$41,000	\$34,000	\$3,900	\$19,100

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

Local Effect: None.

Small Business Effect: Minimal. Security guards would have to pay \$39 every three years in renewal and fingerprinting fees.

Fiscal Analysis

State Revenues: The bill imposes a \$10 renewal fee plus the cost of a fingerprint check by the Federal Bureau of Investigation (FBI). Currently, the FBI charges \$24 for a fingerprinting check. Thus, the State Police will collect \$24 and pass it through to the FBI for a fingerprinting check. General fund revenues are thus expected to increase by approximately \$224,000 (\$10 x 22,400 projected renewals) each year in security guard certification renewal fees.

To date the State Police has issued 100,900 security guard certifications. The revenue estimate assumes that 50% of those security guards will seek to renew their certifications and that the licensing activity will be evenly distributed over the three-year licensing period. In addition, the estimate assumes that the number of security guards licensed in Maryland will remain relatively constant, as the number of security guards exiting the industry offsets the number of security guards entering the industry. Accordingly, approximately 22,400 security guards will renew each year.

State Expenditures: General fund expenditures could increase by an estimated \$204,300 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date and one-time start-up costs. This estimate reflects the cost of hiring one State trooper and four office clerks to process applications. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The assumptions used in calculating the estimates are stated below:

- 22,400 renewals/licensees each year;
- constant growth in the industry; and
- a police officer would review 2,420 denied applications.

Salaries and Fringe Benefits	\$133,300
Patrol Car	21,600
Start-up Costs (computer, etc.)	28,100
Operating Expenses	<u>21,900</u>
Total FY 2000 State Expenditures	\$204,900

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Office of Administrative Hearings would hear a portion of the disapproved applications reviewed by a police officer. General fund expenditures could increase as a result of the Office of Administrative Hearings' increased workload. However, any increase is assumed to be minimal.

Information Source: Department of State Police

Fiscal Note History: First Reader - February 16, 1999

ncs\jr Revised - House Third Reader - March 29, 1999

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