

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

Senate Bill 64 (Chairman. Economic and Environmental Affairs Committee)  
 (Departmental - Labor, Licensing, and Regulation)

Economic and Environmental Affairs

**Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors**

This departmental bill generally: (1) authorizes the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors (the HVACR board) to regulate heating, ventilation, air-conditioning, and refrigeration firms; (2) requires HVACR firms to carry insurance; (3) increases the criminal penalties for persons that provide services without a license, employ unlicensed persons, misrepresent licensure, and fail to maintain requisite insurance coverage; and (4) imposes a fee for late license renewal.

The bill is effective July 1, 1999.

**Fiscal Summary**

**State Effect:** General fund revenues could increase by \$34,500 in FY 2000 as a result of the bill's penalty provisions and late renewal fee provision. Out-year projections reflect a gradual decline in the number of licensees who renew late.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$34,500	\$25,000	\$17,000	\$15,000	\$12,500
GF Expenditures	0	0	0	0	0
Net Effect	\$34,500	\$25,000	\$17,000	\$15,000	\$12,500

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

**Local Effect:** None.

**Small Business Effect:** The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

## **Fiscal Analysis**

**Bill Summary:** This bill requires the HVACR board to regulate heating, ventilation, air-conditioning, and refrigeration firms. The bill requires these firms to obtain a certificate free of charge from the HVACR board that authorizes them to provide services through individuals who hold a master, master restricted, or limited license. Firms must provide information concerning the firm's ownership, out-of state licensure, work experience, and disciplinary history. Certificates may be renewed biannually, but otherwise expire on October 1 in odd numbered years. The bill establishes a \$25 late fee for license renewal within 90 days of expiration, and requires the board to process a new application or collect a late fee and back renewal fees if a person would like to renew a license after the 90 days following expiration.

The bill authorizes the board to deny, suspend, or revoke a firm's certificate or reprimand a firm if the board finds that the firm committed specified acts of misconduct. The bill also authorizes the board to take disciplinary action against a licensee or firm for specific acts of misconduct committed by an agent, director, employee, manager, officer, or partner unless the board finds that the licensee or firm did not have knowledge of the misconduct or could not prevent it.

For persons that provide services without a license, employ unlicensed persons, and misrepresent licensure, the bill alters the maximum penalty from \$50 for each day that the violation occurs to \$2,000 or imprisonment not exceeding 6 months or both. For persons that are not covered by general liability and property damage insurance, the bill increases the maximum penalty from \$1,000 to \$2,000 or imprisonment not exceeding 6 months or both.

The bill requires HVACR firms to display board certificates in public view and the certificate number on each firm vehicle, along with the license number of the person who directs HVACR services for the firm and holds a master, master restricted, or limited license. HVACR firm advertisements must include the trade or firm name, certificate number of the firm, and license number of the person who directs HVACR services for the firm.

**State Effect:** The bill would cause general fund revenues to increase due to: (1) the \$25 fee for late license renewals; and (2) the increased maximum penalties for persons that provide services without a license, employ unlicensed persons, misrepresent licensure, and fail to maintain proper insurance coverage.

Based on HVACR history, it is assumed that approximately 1,100 licensees will fail to timely renew their licenses in fiscal 2000, thereby increasing general fund revenues by \$27,500. As licensees become aware of the late renewal fee, fewer licensees will renew late. Therefore, general fund revenues resulting from late renewal fees will continually decline

over time.

Additionally, based upon an average of 14 criminal convictions with an average penalty of \$500, general fund revenues will increase by \$7,000 each year.

The bill will not have a significant effect on State expenditures. The bill could cause general fund expenditures to increase by a minimal amount due to the bill's incarceration provisions. Any increase in the HVACR board's workload could be handled with existing resources.

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**Information Source:** Department of Labor, Licensing, and Regulation

**Fiscal Note History:** First Reader - January 25, 1999

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