

Department of Legislative Services

Maryland General Assembly

2000 Session

FISCAL NOTE

House Bill 560 (Delegates Barve and Krvsiaik)

Economic Matters

Home Improvement Commission - Home Improvement Enforcement Fund

The bill establishes a Home Improvement Enforcement Fund (HIEF) within the Maryland Home Improvement Commission (MHIC). The State Treasurer is required to invest the fund in the same way the money in the State Retirement and Pension System is invested with the investment earnings being credited to the fund. It is the intent of the General Assembly that the funds created by this bill shall supplement and not supplant the funds of the Department of Labor, Licensing, and Regulation (DLLR) and that the Governor may not release appropriations to the department as a result of the bill.

Fiscal Summary

State Effect: General fund revenues would decrease by about \$47,300 annually beginning in FY 2001 and special fund revenues and expenditures would increase by a corresponding amount.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The HIEF is to fund the enforcement of the various licensing, fraud, and contract violations of the Home Improvement Title. The fund will consist of all fines imposed and collected by the commission and from voluntary contributions.

The Home Improvement Guaranty Fund would not be affected.

Almost all enforcement by MHIC is passive, in that MHIC responds to and investigates complaints it receives. Fine revenue is deposited to the general fund.

State Fiscal Effect: Fine revenue that currently goes to the general fund would go to the HIEF instead. Over the past three years fine revenue has averaged \$47,300. Accordingly, general fund revenues are estimated to decrease by approximately \$47,300 annually, and special fund revenues and expenditures would both increase by a like amount. With stronger enforcement the fine revenue may exceed this average.

The Home Improvement Commission did not provide information on how much it currently spends on enforcement. In any event, this bill will increase enforcement expenditures by an estimated \$47,300 annually over what is currently spent because the bill provides that these funds are to supplement, not supplant, current funding for enforcement.

The State Treasurer advises that a fund as small as HIEF will not earn investment returns like those of larger funds, such as the State Retirement and Pension System. The Treasurer advises that HIEF funds will be invested in low-return, low-risk investments like treasury bills, which are currently paying about a 4.5% annualized return.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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