

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 583 (Senator Hafer, *et al.*)

Finance

Maryland Home Builder Registration - Application and Renewal Fees

This bill exempts homebuilders who hold a valid Maryland Home Improvement Contractor's license from the application and renewal fees required under the Maryland Home Builder Registration Act.

The bill is effective June 1, 2001.

Fiscal Summary

State Effect: Special funds would decrease depending on the number of homebuilders that are licensed home improvement contractors. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The Maryland Home Builder Registration Act (Chapter 522 of 2000) requires homebuilders to register every two years with the Home Builder Registration Unit (HBRU) within the Consumer Protection Division of the Office of Attorney General. The initial registration and biennial renewal fees are \$600 and are credited to the Home Builders Registration Fund, which is used to cover the actual documented direct and indirect costs incurred for the administration and enforcement of the Act.

Background: There are 1,466 homebuilders registered with the HBRU. The registration fees paid by these homebuilders in fiscal 2001 totaled \$879,600. The Governor's proposed 2002 budget allowance includes \$202,079 in special fund expenditures for the HBRU.

It is not known how many licensed homebuilders are also licensed home improvement contractors.

There are approximately 17,500 home improvement contractors in the State. The Maryland Home Improvement Commission has set a \$225 licensing and renewal fee and each licensee must pay a one-time \$100 fee to the Home Improvement Guaranty Fund. The licensing and renewal fees are credited to the general fund.

State Revenues: Seventy percent of homebuilders registered with the HBRU built fewer than ten homes in the past year. Assuming, for purposes of illustration only, that each of these homebuilders is also a licensed home improvement contractor, and assuming a constant number of homebuilders, HBRU registration fee revenues would decrease by 70%, or \$615,720, biannually.

Small Business Effect: Homebuilders who are also home improvement contractors would benefit from a \$600 biennial reduction in fees.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): The Office of Attorney General (Consumer Protection Division), Department of Legislative Services

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