

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**  
**Revised**

House Bill 84 (Chairman, Economic Matters Committee)  
(Departmental – Labor, Licensing, and Regulation)

Economic Matters

Economic and Environmental Affairs

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**State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration  
Contractors**

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This bill makes three changes to the Heating, Ventilation, Air-Conditioning, and Refrigeration (HVACR) law. First, it defines a “self-contained appliance” as a heating, ventilation, air-conditioning, or refrigeration device that has all its component parts contained within a single chassis, uses a standard electrical cord, requires no additional fuel source, and needs no independent air distribution system. Second, the bill allows a resident of Baltimore City to be a member of the board. Third, the bill increases the penalty for practicing or hiring someone without a license or misrepresenting one’s qualifications to perform HVACR work to a fine of up to \$1,000 and/or up to six months in prison for a first offense and a fine of up to \$5,000 and/or up to two years in prison for a second or subsequent offense.

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**Fiscal Summary**

**State Effect:** The criminal penalty provision of this bill are not expected to materially affect State revenues or expenditures. The definitional change would not materially affect State finances.

**Local Effect:** The incarceration penalty provision is not expected to materially affect local expenditures.

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

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## Analysis

**Current Law:** A non-licensed individual may install a “self-contained appliance,” but the term is not clearly defined. No provision is made for a Baltimore City resident to be a member of the HVACR board. The board is comprised of individuals from seven defined districts and Baltimore City is not included in any district. The current fine for providing HVACR services without a license, hiring someone without a license, or misrepresenting one’s qualification to perform HVACR work is \$50 for each day the violation continues.

**Background:** According to DLLR, the definitional intent of the term “self-contained appliance” meant portable and easily installed items like window unit air-conditioners. Recently, some national and international mechanical codes have used the term “self-contained” for appliances not meant to be covered by the State law. This bill attempts to clarify any discrepancies that the dual use of this term has created. By clearly defining what a “self-contained appliance” is, the bill clarifies which services require a license to provide and which services do not require a license to provide.

Prior to the enactment of Chapter 649 of 1992 the Maryland Home Improvement Commission (MHIC) regulated HVACR professionals. HVACR professionals contributed to the MHIC guaranty fund, which affords consumer protection by providing a pool of compensatory funds against unethical and criminal conduct. Since 1993, when the HVACR board was made a separate entity, the industry professionals have no longer contributed to the guaranty fund. This bill’s increase in the penalty provision is an attempt to restore some protection for consumers of professional HVACR services by increasing the penalties for those who engage in criminal or unethical behavior.

**State Fiscal Effect:** DLLR advises that very few, if any, individuals will have to be licensed as a result of the definitional clarification. Accordingly, it is assumed that the clarification will not materially affect general fund fee revenues.

DLLR estimates that fewer than 15 cases annually will be affected by the bill’s enhanced penalty provision. Accordingly, any increase in general fund revenues or expenditures is assumed to be minimal.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – January 16, 2001  
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