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By: **Chairman, Economic Matters Committee**  
Introduced and read first time: January 30, 2002  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: February 26, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Board of Pilots - Sunset Extension and Program Evaluation**

3 FOR the purpose of continuing the State Board of Pilots in accordance with the  
4 provisions of the Maryland Program Evaluation Act (Sunset Law) by extending  
5 to a certain date the termination provisions relating to statutory and regulatory  
6 authority of the Board; requiring the Board to pay certain moneys into the  
7 General Fund of the State; providing that compensation of the Board and  
8 reimbursement for expenses shall be as provided in the State budget; making  
9 provisions of law that apply to certain inactive pilots apply to certain  
10 permanently disabled pilots; repealing provisions of law that refer to  
11 permanently disabled pilots as an independent category of pilot; requiring the  
12 Association of Maryland Pilots to distribute certain payments to inactive pilots  
13 on behalf of the Board; altering a provision that requires the Board to make  
14 certain payments; requiring the Association to consider certain tax implications  
15 when making certain payments; altering the oversight of the Maintenance and  
16 Replacement Fund by requiring the Association to maintain the Fund instead of  
17 the Board; requiring the Association to obtain written approval from the Board  
18 for certain expenditures; requiring the Association to maintain a certain fund  
19 balance; providing a certain exception to the requirement to maintain a certain  
20 fund balance; requiring the Association to submit to the Board certain financial  
21 audits of certain payments; requiring the Board to maintain copies of financial  
22 audits; requiring that an evaluation of the Board and the statutes and  
23 regulations that relate to them be performed on or before a certain date;  
24 requiring the Board to report to certain committees on or before a certain date;  
25 and generally relating to the State Board of Pilots.

26 BY repealing  
27 Article - Business Occupations and Professions

1 Section 11-505  
2 Annotated Code of Maryland  
3 (2000 Replacement Volume and 2001 Supplement)

4 BY renumbering  
5 Article - Business Occupations and Professions  
6 Section 11-506 through 11-508, respectively  
7 to be Section 11-505 through 11-507, respectively  
8 Annotated Code of Maryland  
9 (2000 Replacement Volume and 2001 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article - Business Occupations and Professions  
12 Section 11-206, 11-504, and 11-802  
13 Annotated Code of Maryland  
14 (2000 Replacement Volume and 2001 Supplement)

15 BY adding to  
16 Article - Business Occupations and Professions  
17 Section 11-508  
18 Annotated Code of Maryland  
19 (2000 Replacement Volume and 2001 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article - Business Occupations and Professions  
22 Section 11-505 and 11-506  
23 Annotated Code of Maryland  
24 (2000 Replacement Volume and 2001 Supplement)  
25 (As enacted by Section 2 of this Act)

26 BY repealing and reenacting, without amendments,  
27 Article - State Government  
28 Section 8-403(a)  
29 Annotated Code of Maryland  
30 (1999 Replacement Volume and 2001 Supplement)

31 BY repealing and reenacting, with amendments,  
32 Article - State Government  
33 Section 8-403(b)(51)  
34 Annotated Code of Maryland  
35 (1999 Replacement Volume and 2001 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 2 MARYLAND, That Section(s) 11-505 of Article - Business Occupations and  
 3 Professions of the Annotated Code of Maryland be repealed.

4 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 11-506  
 5 through 11-508, respectively, of Article - Business Occupations and Professions of the  
 6 Annotated Code of Maryland be renumbered to be Section(s) 11-505 through 11-507,  
 7 respectively.

8 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 9 read as follows:

10 **Article - Business Occupations and Professions**

11 11-206.

12 (a) The Board shall receive all fees and other charges collectible under §§  
 13 11-406 and 11-408 of this title.

14 (b) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE BOARD SHALL PAY ALL  
 15 MONEYS COLLECTED UNDER THIS TITLE INTO THE GENERAL FUND OF THE STATE.

16 (C) The compensation of the Board [shall be payable only out of the money  
 17 that the Board collects] AND REIMBURSEMENT FOR EXPENSES UNDER THE  
 18 STANDARD STATE TRAVEL REGULATIONS SHALL BE AS PROVIDED IN THE STATE  
 19 BUDGET.

20 11-504.

21 (a) A pilot is eligible for payments as an inactive pilot under [§ 11-506] §  
 22 11-505 of this subtitle if the pilot:

23 (1) (I) chooses to be placed on the list of inactive pilots maintained by  
 24 the Association; and

25 [(2)] (II) has been, for at least 25 years:

26 [(i)] 1. a member in good standing of the Association; and

27 [(ii)] 2. licensed by the Board to provide pilotage for vessels of  
 28 unlimited draft; OR

29 (2) (I) 1. HAS BEEN CERTIFIED BY TWO PHYSICIANS CHOSEN BY  
 30 THE BOARD TO BE PERMANENTLY INCAPABLE OF PROVIDING PILOTAGE; OR

31 2. HAS HAD A FEDERAL OR STATE PILOT'S LICENSE  
 32 REVOKED FOR PHYSICAL DISABILITY; AND

33 (II) BEFORE BECOMING PERMANENTLY DISABLED, THE PILOT WAS:



1 (iii) finally, in accordance with the bylaws of the Association, paid to  
2 the regularly working licensed pilots who are members in good standing of the  
3 Association.

4 (b) The amount to be [paid] DISTRIBUTED by the Association [to] ON  
5 BEHALF OF the Board [for distribution] to eligible inactive pilots ~~who for at least 25~~  
6 ~~years have been members in good standing of the Association and licensed by the~~  
7 ~~Board to provide pilotage for vessels of unlimited draft~~ UNDER § 11-504(A) OF THIS  
8 SUBTITLE shall be computed by:

9 (1) determining the greater of:

10 (i) \$200; or

11 (ii) 40% of the share payable under this subtitle for the month for  
12 which the payment is to be made to a regularly working licensed pilot; and

13 (2) multiplying the figure determined under item (1) of this subsection  
14 by the number of pilots in the Association who, at the beginning of the month for  
15 which the payment is to be made, were eligible for payments as inactive pilots under  
16 this subsection.

17 (c) The amount to be [paid] DISTRIBUTED by the Association [to] ON  
18 BEHALF OF the Board [for distribution] to eligible inactive pilots ~~who become~~  
19 ~~inactive with at least 20 years but less than 25 years as members in good standing of~~  
20 ~~the Association and licensed by the Board to provide pilotage for vessels of unlimited~~  
21 ~~draft~~ UNDER § 11-504(B) OF THIS SUBTITLE shall be computed as follows:

22 (1) for each pilot determining the greater of:

23 (i) \$200; or

24 (ii) 1. 32% of the share payable under this subtitle for the month  
25 for which the payment is to be made to a regularly working licensed pilot; and

26 2. 1.6% of the share payable under this subtitle for the  
27 month for which the payment is to be made to a regularly working licensed pilot in  
28 addition for each year of service in excess of 20 years and up to 25 years; and

29 (2) totalling the sums determined under item (1) of this subsection for  
30 each pilot in the Association who, at the beginning of the month for which the  
31 payment is to be made, was eligible for payment as an inactive pilot under this  
32 subsection.

33 (d) [The amount to be paid by the Association to the Board for distribution to  
34 permanently disabled pilots shall be computed by:

35 (1) determining the greater of:

36 (i) \$200; or

1 (ii) 40% of the share payable under this subtitle for the month for  
2 which the payment is to be made to a regularly working licensed pilot; and

3 (2) multiplying the figure determined under item (1) of this subsection  
4 by the number of pilots in the Association who, at the beginning of the month for  
5 which the payment is to be made, were eligible for payments as permanently disabled  
6 pilots.

7 (e) Within 10 days after the Board receives the amounts paid under  
8 subsections (b), (c), or (d) of this section, the Board] THE ASSOCIATION shall  
9 distribute [those] ON BEHALF OF THE BOARD THE amounts IDENTIFIED UNDER  
10 SUBSECTIONS (B) AND (C) OF THIS SECTION:

11 (1) equally to those pilots who, at the beginning of the month for which  
12 the payment is made, were eligible for payments as inactive [or permanently disabled  
13 pilots under subsections (b) and (d)] PILOTS UNDER SUBSECTION (B) of this section;  
14 and

15 (2) in the amounts as adjusted in accordance with subsection (c) of this  
16 section to inactive pilots with at least 20 years but less than 25 years as a member in  
17 good standing of the Association and licensed by the Board to provide pilotage for  
18 vessels of unlimited draft.

19 (E) THE ASSOCIATION SHALL CARRY OUT THE PROVISIONS OF THIS SECTION  
20 IN A MANNER THAT MINIMIZES NEGATIVE TAX IMPLICATIONS FOR THE INDIVIDUAL  
21 PILOTS.

22 11-506.

23 (a) THE BOARD OF SUPERVISORS OF THE ASSOCIATION SHALL MAINTAIN A  
24 MAINTENANCE AND REPLACEMENT FUND FOR THE REPLACEMENT AND REPAIR OF  
25 THE MAJOR EQUIPMENT OF THE ASSOCIATION.

26 (B) The State Board of Pilots shall determine a percentage of the pilotage fees  
27 collected by the Association to be set aside in [a fund] THE FUND [for the  
28 replacement and repair of the major equipment of the Association].

29 (C) THE BOARD OF SUPERVISORS OF THE ASSOCIATION SHALL OBTAIN  
30 WRITTEN APPROVAL FROM THE STATE BOARD OF PILOTS FOR ANY EXPENDITURES  
31 FROM THE FUND.

32 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE  
33 BALANCE IN THE FUND SHALL REMAIN AT OR ABOVE \$500,000.

34 (2) (I) THE BALANCE OF THE FUND MAY FALL BELOW \$500,000 FOR  
35 EXPENDITURES AUTHORIZED BY THE BOARD.

36 (II) THE BALANCE OF THE FUND MAY NOT REMAIN BELOW \$500,000  
37 FOR MORE THAN 2 10 CONSECUTIVE YEARS.

1 (III) AT NO TIME SHALL THE BALANCE OF THE FUND FALL BELOW  
2 \$100,000.

3 [(b)] (E) [(1)] The Board of Supervisors of the Association shall deduct the  
4 percentage set by the State Board of Pilots from the pilotage fees collected by the  
5 Association and pay that amount to the State Board of Pilots.

6 (2)] The [State Board of Pilots] BOARD OF SUPERVISORS OF THE  
7 ASSOCIATION shall deposit the [amount received under this subsection] MONEYS  
8 AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION into the Maintenance and  
9 Replacement Fund.

10 [(c)] (F) (1) The [State Board of Pilots] BOARD OF SUPERVISORS OF THE  
11 ASSOCIATION shall hold the Maintenance and Replacement Fund in trust [for the  
12 Association].

13 (2) The [State Board of Pilots] ASSOCIATION:

14 (i) may invest or hold the Fund in any manner that the [Board]  
15 ASSOCIATION finds desirable, in light of the nature and purpose of the Fund;

16 (ii) may place control and management of the Fund, or a part of the  
17 Fund, with a bank or trust company that is subject to State or federal regulation; and

18 (iii) is not limited to investments in property that has been  
19 designated, under any law of the State, as strictly suitable for investment of a trust  
20 fund.

21 [(d)] (G) Assets held in trust under this section are not subject to attachment  
22 or execution.

23 11-508.

24 (A) THE ASSOCIATION SHALL SUBMIT TO THE BOARD:

25 (1) AN ANNUAL FINANCIAL AUDIT OF PAYMENTS TO PILOTS UNDER §  
26 11-505 OF THIS SUBTITLE; AND

27 (2) AN ANNUAL FINANCIAL AUDIT OF THE MAINTENANCE AND  
28 REPLACEMENT FUND UNDER § 11-506 OF THIS SUBTITLE.

29 (B) THE BOARD SHALL KEEP COPIES OF THE FINANCIAL AUDITS RECEIVED  
30 UNDER SUBSECTION (A) OF THIS SECTION.

31 11-802.

32 Subject to the evaluation and reestablishment provisions of the Maryland  
33 Program Evaluation Act, this title and all regulations adopted under this title shall  
34 terminate and be of no effect after July 1, [2003] 2013.

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**Article - State Government**

2 8-403.

3 (a) On or before December 15 of the 2nd year before the evaluation date of a  
4 governmental activity or unit, the Legislative Policy Committee, based on a  
5 preliminary evaluation, may waive as unnecessary the evaluation required under this  
6 section.

7 (b) Except as otherwise provided in subsection (a) of this section, on or before  
8 the evaluation date for the following governmental activities or units, an evaluation  
9 shall be made of the following governmental activities or units and the statutes and  
10 regulations that relate to the governmental activities or units:

11 (51) Pilots, State Board of (§ 11-201 of the Business Occupations and  
12 Professions Article: July 1, [2002] 2012);

13 SECTION 4. AND BE IT FURTHER ENACTED, That the State Board of  
14 Pilots shall report to the Senate Education, Health, and Environmental Affairs  
15 Committee and the House Economic Matters Committee on or before October 1, 2002,  
16 in accordance with § 2-1246 of the State Government Article, on the implementation  
17 of the recommendations of the Department of Legislative Services contained in the  
18 sunset evaluation report dated October 2001. This report shall include:

19 (a) The development of a methodology for determining the appropriate  
20 number of licensed pilots to ensure reliable pilotage service, including:

21 (1) the source of future Port of Baltimore vessel call information;

22 (2) the future pilot complement; and

23 (3) the future actions to be taken by the Board to monitor this  
24 information; and

25 (b) The actions the Board intends to take regarding oversight of pilot work  
26 rules, including hours of service and required rest periods; and

27 (c) The actions the Board has taken to better and more accurately maintain  
28 information important to the functions of the Board, including such information as:

29 (1) incidents by type;

30 (2) resolution of incidents;

31 (3) number and type of licenses issued;

32 (4) licenses revoked or suspended;

33 (5) license terms;

34 (6) applications received; and



1           (7)     pilot continuing education credits.

2     SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take  
3 effect July 1, 2002.