

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 650 (Chairman, Economic Matters Committee)
 Economic Matters

**Department of Labor, Licensing, and Regulation - Occupational and Professional
 Licensing Design Boards**

This bill extends the State Board of Certified Interior Designers, restricts the number of consecutive terms a member may serve and the number of consecutive years an officer may serve; requires a joint meeting of the chairmen of design professional licensing boards and a joint newsletter, and requires reports of the design professionals licensing boards. These provisions take effect July 1, 2003.

The bill also creates a State Occupational and Professional Licensing Design Boards' Fund and alters fee setting authority for design professional licensing boards. These provisions take effect June 1, 2003 and sunset June 30, 2008.

Fiscal Summary

State Effect: General fund revenues would decrease by \$391,000 in FY 2004 and general fund expenditures would decrease by \$586,500. Special fund revenues and expenditures would each increase by \$586,500 in FY 2004. Out-year revenues reflect annualization.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	(\$391,000)	(\$522,000)	(\$522,000)	(\$522,000)	(\$522,000)
SF Revenue	586,500	782,000	782,000	782,000	782,000
GF Expenditure	(586,500)	(782,000)	(782,000)	(782,000)	(782,000)
SF Expenditure	586,500	782,000	782,000	782,000	782,000
Net Effect	\$195,500	\$260,000	\$260,000	\$260,000	\$260,000

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

Local Effect: None.

Small Business Effect: Potential minimal due to fee increases.

Analysis

Fiscal and Policy Effect: During the 2002 interim, the Department of Legislative Services (DLS) conducted a full evaluation of the State Board of Certified Interior Designers under the Maryland Program Evaluation Act (sunset review). This bill embodies the statutory recommendations developed by DLS during the evaluation.

Sunset Extension

The bill extends the sunset date for the State Board of Certified Interior Designers from July 1, 2004 to July 1, 2014. New sunset reviews are required by June 30, 2013. The State Board of Certified Interior Designers must report to the Senate Education, Health, and Environmental Affairs and House Economic Matters committees by October 1, 2003 on the implementation of DLS' recommendations contained in the sunset report dated October 2002.

Professional Design Board Coordination

The bill requires the chairmen of the boards of Certified Interior Designers, the State Board of Examiners of Landscape Architects, the State Board for Professional Engineers, and the State Board of Professional Land Surveyors to meet annually to discuss issues of mutual importance. The chairmen are required to post a joint newsletter on the web site of the Department of Labor, Licensing, and Regulation (DLLR).

Occupational and Professional Licensing Design Boards' Fund and Fees

The bill establishes a State Occupational and Professional Licensing Design Boards' Fund as a special, nonlapsing fund. The licensing and professional design boards are: (1) the State Board of Certified Interior Designers; (2) the State Board of Architects; (3) the State Board for Professional Engineers; (4) the State Board of Professional Land Surveyors; and (5) the State Board of Examiners of Landscape Architects. Each board currently deposits fees collected into the general fund. The Governor includes a general fund allowance for each board within the budget of DLLR.

The Secretary of Labor, Licensing, and Regulation will calculate the direct and indirect costs attributable to each of the Occupational and Professional Licensing Design Boards. Each board shall establish fees based on those calculations. Fees may not increase by more than 12.5% over the previous year's fees. Direct and indirect costs for similar boards may be averaged by the Secretary with the consent of the boards.

The bill strikes fees that are set in statute and includes language authorizing each professional design board to set reasonable fees to cover the direct and indirect costs associated with the board in the calculation performed by the Secretary. Current fees in statute remain in effect until the individual boards have set fees in accordance with the provisions in this bill related to cost allocation.

The design boards are projected to incur direct and indirect costs of approximately \$782,000 in fiscal 2004, with offsetting revenues of \$522,000. The net general fund effect is a negative \$260,000. The bill will decrease general fund revenues by \$391,000 due to the October 1, 2003 effective date. General fund expenditures will be reduced by \$586,500. The bill creates net general fund savings of \$195,500 in fiscal 2004. Out-year savings reflect annualization.

Special fund revenues and expenditures will increase by \$586,500 in fiscal 2004 if the boards establish fees to fully cover costs effective October 1, 2003. Out-year estimates reflect annualization.

The department currently licenses 290 certified interior designers, 5,500 architects, 14,000 professional engineers, 1,050 professional land surveyors, and 715 landscape architects. The aggregate average fee increase – \$195,500 difference between licensee fees and boards' expenditures divided by the total number of licensees from the five boards – would be \$9 per licensee in fiscal 2004.

The bill requires the boards to report to the Senate Budget and Taxation and House Appropriations committees and the Legislative Auditor by June 1, 2003 on the accuracy and completeness of the direct costs allocated to the design board funds.

The bill also requires the boards to report by October 1, 2004 and each subsequent October 1 to the Senate Budget and Taxation; Senate Education, Health, and Environmental Affairs; House Appropriations; and House Economic Matters committees on the implementation of the Occupational and Professional Licensing Design Boards' Fund.

Additional Information

Prior Introductions: None.

Cross File: SB 267 (Senator Hollinger) – Education, Health, and Environmental Affairs.

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

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mdf/jr

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