

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 671

(Delegate Love, *et al.*)

Economic Matters

Finance

Health Club Services Providers - Registration and Renewal Fees - Fund

This bill increases registration and renewal fees for health club service providers. These providers must pay annual registration or renewal fees of \$75, \$300, or \$1,200 to the Division of Consumer Protection in the Office of the Attorney General. The level of fees is dependent upon the outstanding liabilities of the club and whether the club is required to file a surety bond, irrevocable letter of credit, or cash with the division. The bill also requires fees be paid on or before October 1 of each registration or renewal year. Any unexpended funds that were collected for that or any prior registration year will revert to the general fund.

Fiscal Summary

State Effect: Special fund revenues would increase by \$76,900 in FY 2004 due to increased registration and renewal fees. Out-year revenues reflect the annual renewal cycle.

| (in dollars) | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
|--------------|----------|----------|----------|----------|----------|
| SF Revenue | \$76,900 | \$76,900 | \$76,900 | \$76,900 | \$76,900 |
| Expenditure | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Effect | \$76,900 | \$76,900 | \$76,900 | \$76,900 | \$76,900 |

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

Local Effect: None.

Small Business Effect: Minimal impact due to increased fees.

Analysis

Current Law: Each person who provides health club services in the State must register with the division. Registration fees are due to the division on or before September 1 of each year.

Providers who have no outstanding liabilities to members, and who do not require an initiation fee or prepayment of services, must pay an annual registration or renewal fee not to exceed \$50. Providers that require an initiation fee of up to \$200 or prepayment of services of up to three months are required to pay a fee not to exceed \$150. Providers that require an initiation fee of over \$200 or prepayment of services of three months or more and file a surety bond or irrevocable letter of credit or cash are required to pay a fee not to exceed \$800.

Background: Health club services include health spas, figure salons, weight reduction centers, self-defense schools, or other physical culture service enterprises offering facilities for the preservation, maintenance, encouragement, or development of physical fitness or physical well being.

State Fiscal Effect: The division indicates that 68 health clubs currently pay the \$800 fee. Increasing fees from \$800 to \$1,200 will generate an additional \$27,200 in revenue (68 x \$400). Three-hundred twenty-nine health clubs pay the \$150 fee. Increasing fees from \$150 to \$300 will generate \$49,350 (329 x \$150). Fourteen health clubs pay the \$50 fee. Increasing fees from \$50 to \$75 will generate \$350 (14 x \$25). The total increase is \$76,900.

The division indicates that the fund will not have a balance on October 1, 2003. \$187,616 has been budgeted for program expenditures in fiscal 2004. The provisions of this bill will result in total revenues to the fund of \$181,350.

Small Business Effect: Minimal effect to small businesses. Fees for the smallest businesses will only increase \$25 annually. Larger businesses will face fee increases of \$150 and \$400 respectively.

Additional Information

Prior Introductions: None.

Cross File: SB 478 (Senators Astle and Della) – Finance.

Information Source(s): Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2003
mam/jr Revised - House Third Reader - March 20, 2003

Analysis by: Daniel P. Tompkins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510