

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 478

(Senators Astle and Della)

Finance

Health Club Services Providers - Registration and Renewal Fees

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. 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.

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 of Consumer Protection in the Office of the Attorney General (the division).

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 Revenues: 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).

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: HB 671 (Delegate Love, *et al.*) – Economic Matters.

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

Fiscal Note History: First Reader - March 3, 2003
ncs/jr

Analysis by: Daniel P. Tompkins

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

