

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 335

(Senator Jacobs)

Judicial Proceedings

Economic Matters

Security Guards - Certification Renewal - Late Fees

This bill requires the Secretary of State Police to assess a daily late fee of \$5, not to exceed a total of \$150, against an individual applying for renewal of a security guard certification for each day that a complete certification renewal application is not received on or before the first business day of the next calendar month immediately following the certification renewal date. The bill also prohibits a late fee from being charged if a certification holder fails to make timely renewal because the individual is incapacitated, hospitalized, called to active military duty, or because of other hardship, and prohibits certification of any applicant if the applicant has any outstanding late fee obligations.

Fiscal Summary

State Effect: Minimal decrease in general fund revenues due to waiver of late fees, late fees assessed that total less than \$150, and timely submission of renewal applications.

Local Effect: None.

Small Business Effect: Minimal. To the extent that the bill's changes in the assessment of late fees encourage a security guard to submit a renewal application in a more timely manner and the security guard remains in the industry, small businesses operating as providers of security guard services could realize reductions in training costs and other management benefits.

Analysis

Current Law: The Secretary of State Police is authorized to assess a late fee, in any amount, for a renewal of a security guard certification if the renewal materials are not provided to the Secretary within 90 days of the certification's expiration.

The Secretary is not required to assess a daily late fee against a certification holder for a renewal application that is not received within 30 days before the certification's expiration. The Secretary is not authorized to waive a late fee charged to a certification holder if that individual is incapacitated, hospitalized, called to active military duty, or because of other hardship. The Secretary may certify an applicant even if the applicant has outstanding late fee obligations.

Security guard certifications are issued for three-year terms. The holder of a security guard certification may renew the certification for an additional three-year term if the individual mails to the Secretary, at least 90 days before the expiration of the certification, a renewal application form, a renewal fee of \$10, and payment of any late fees assessed by the Secretary.

Background: The renewal of security guard certification is the personal responsibility of the certification holder; the State Police does not provide a renewal notice or application to the certification holder.

The State Police advises that approximately 95% of renewal applications received after the certification's expiration date are received after the first business day of the month immediately following the certification expiration date. The State Police further advises that current practice is to assess a late fee only when a renewal application is received after the certification's expiration date; the current late fee is \$150. The State Police advises that it takes approximately three to six months to process applications and renewals for security guard certification.

State Fiscal Effect: Certification and certification renewals relating to security guards are handled by the Licensing Division of the State Police. All late fees collected by the division under these provisions are deposited to the general fund.

The State Police advises that, as of December 31, 2003, there were 24,167 certified security guards and that approximately one-third of these security guards apply for a renewal of their certification each year.

The State Police is currently unable to determine which applications for certification renewals are from individuals who were incapacitated, hospitalized, called to active military duty, or endured a similar hardship, but advises that cases arising from these

circumstances are assumed to be very few. Accordingly, general fund revenues would decrease minimally when late fees are waived in these circumstances.

The effect of requiring a daily late fee to be assessed beginning on the first business day of the next calendar month immediately following the renewal date to encourage certification holders to submit renewal applications in a more timely manner is unknown. Legislative Services assumes in the absence of any notification procedures that most renewal applications will continue to be received after the first business day of the month immediately following a certification's expiration date and that late fees of at least \$5 and up to \$150 would be assessed. The State Police advises that it anticipates most assessed late fees to be the \$150 maximum. Accordingly, general fund revenues would decrease minimally.

However, if the bill's provisions encourage certification holders to submit renewal applications before the first business day of the next calendar month immediately following the renewal date, no late fee would be assessed and general fund revenues would decrease. The State Police advises that any such revenue decrease would be minimal. Overall, Legislative Services assumes a decrease in general fund revenues.

Additional Information

Prior Introductions: None.

Cross File: HB 752 (Delegate Brown) – Economic Matters.

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

Fiscal Note History: First Reader - February 9, 2004
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