

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1232 (Delegate Love)
 Economic Matters

State Board of Glass Technician Examiners - Licensure and Regulation

This bill creates a seven-member State Board of Glass Technician Examiners in the Department of Labor, Licensing, and Regulation (DLLR) for the purpose of regulating persons who provide automotive glass work or glazing services or engage in the business of providing automotive glass work or glazing services.

Subject to the sunset review process, the bill terminates July 1, 2010.

Fiscal Summary

State Effect: General fund expenditure could increase by \$248,500 in FY 2006. Out-years reflect annualization and inflation. General fund revenues could increase by \$498,800 in FY 2007. Out-years reflect staggered license renewal periods.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	\$0	\$498,800	\$296,300	\$110,600	\$403,100
GF Expenditure	248,500	184,400	193,800	203,900	214,600
Net Effect	(\$248,500)	\$314,400	\$102,500	(\$93,300)	\$188,500

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

Local Effect: None.

Small Business Effect: Minimal. The bill applies to individuals rather than businesses. However, sole proprietors would incur increased expenses due to license fees.

Analysis

Bill Summary: The bill provides for the composition, appointment, terms, compensation, and expense reimbursement of board members. The bill creates three types of glass technician licenses – automotive glass repair, automotive glass replacement, and glazing and provides for the educational and experience requirements of each type of license. The bill provides for specified exemptions from licensing requirements. The board may waive the licensing exam under specified circumstances.

The bill authorizes the board to sue in the name of the State, with the permission of the Attorney General, to enjoin specified conduct. The bill establishes specified powers and duties of the board. The board is authorized to deny a license, reprimand any licensee, or suspend or revoke a license under specified circumstances. The bill provides that a person violating the provisions of the bill is guilty of a misdemeanor and subject to a fine of up to \$500 and/or six months in prison. The board is also authorized to levy a fine of up to \$5,000 for each violation. The bill establishes a process for licensees to appeal decisions of the board.

The bill subjects the board to the sunset review process, with a preliminary evaluation to be conducted in 2007.

The board has a fee-setting authority but is required to pay all funds collected from licensing fees and fines into the State general fund.

Individuals who provided automotive glass services for six months and individuals who provided glazing services for one year on or before October 1, 2005 may qualify for a license under the bill without meeting the education, experience, and examination requirements if they provide adequate evidence of work history to the board and pass the appropriate examination by October 1, 2006.

The board is required to report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee by December 31, 2007 with an assessment of the appropriateness of fees charged and the ability of the board to be self-sufficient.

Current Law: None applicable.

Background: As of October 2004, Connecticut is the only state that has adopted a law requiring licensure and examinations for glass technicians. Legislation has recently been introduced in North Carolina and Louisiana; however, no action has been taken on either bill. The Louisiana legislature referred its glass technician bill to interim study.

State Revenues: The bill authorizes the board to set reasonable fees for the three types of license categories in an amount sufficient to cover the direct and indirect costs of the board.

Exhibit 1 shows the number of each type of license that would be subject to regulation, as estimated by DLLR, and the estimated license fee.

Exhibit 1
License Terms and Estimate Fee Schedule

<u>License Category</u>	<u>License Term</u>	<u>Estimated Fee</u>
Auto Repair	5 years	\$425
Auto Replacement	3 years	\$300
Glazier	3 years	\$375

It is assumed that no revenue would be generated until fiscal 2007 as it would take time to set up the board, hire staff, and promulgate regulations pursuant to the bill. **Exhibit 2** shows the estimated revenues for fiscal 2007 through 2010 based on an estimated number of individuals becoming licensed each year and/or renewing licenses each year. In fiscal 2010, the first renewal year for two types of licenses, the number of licenses not renewing is assumed to be equivalent to the number of first-time applicants due to turnover in the profession.

Exhibit 2
Estimated Revenues, Fiscal 2007 – 2010

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Estimated Licensees</u>				
Auto Repair	300	150	75	75
Auto Replacement	300	150	75	300
Glazier	750	500	150	750
<u>Estimated Revenue</u>				
Auto Repair	\$127,500	\$63,750	\$31,875	\$31,875
Auto Replacement	90,000	45,000	22,500	90,000
Glazier	<u>281,250</u>	<u>187,500</u>	<u>56,250</u>	<u>281,250</u>
Total	\$498,750	\$296,250	\$110,625	\$403,125

General fund revenues could also increase due to the board's ability to levy fines. However, the amount of any revenue generated by way of fines cannot be reliably estimated.

The criminal penalty provisions of this bill are not expected to significantly affect State revenues.

State Expenditures: The bill creates a new regulatory program within DLLR. As a result, DLLR's general fund expenditures could increase by an estimated \$248,469 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. This estimate reflects the cost of hiring one administrator, one administrative aid, and one part-time assistant Attorney General to administer the regulatory program established by the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$112,466
Computer Programming	100,000
Operating Expenses	<u>36,003</u>
Total FY 2006 State Expenditures	\$248,469

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The criminal penalty provisions of this bill are not expected to significantly affect State expenditures.

Exhibit 3 shows the potential general fund revenues and expenditures for the board. The costs shown are direct costs only; for the board to be self-sufficient, it would also have to raise sufficient revenue to cover indirect costs attributed to it.

Exhibit 3
Estimated Direct Cost Recovery for the General Fund
State Board of Glass Technician Examiners

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Starting "Balance"	-	(\$248,469)	\$65,918	\$168,381	\$75,155
GF Revenue	-	498,750	296,250	110,625	403,125
GF Expenditures	\$248,469	184,363	193,787	203,851	214,635
Ending "Balance"	(\$248,469)	\$65,918	\$168,381	\$75,155	\$263,645

Additional Information

Prior Introductions: This bill was introduced as HB 1097 in the 2004 session. The bill was withdrawn.

Cross File: None.

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

Fiscal Note History: First Reader - March 14, 2005
ncs/ljm

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