

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 950 (Delegate Krysiak)
 Economic Matters

**Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors -
 Criminal Background Checks**

This bill requires applicants for licensure by the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors to apply for a national and State criminal history records check. The board is authorized to issue a temporary license to an individual who submits a renewal application and has not yet received the results of the records check.

The bill takes effect January 1, 2008.

Fiscal Summary

State Effect: General fund expenditures could increase by \$89,900 in FY 2008 for administrative and one-time programming costs related to records processing and temporary licensing. Out-years reflect annualization and inflation. Potential additional general fund expenditure increase associated with new procedures for the Central Repository to provide receipts to the board. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	89,900	53,100	53,000	55,600	58,400
Net Effect	(\$89,900)	(\$53,100)	(\$53,000)	(\$55,600)	(\$58,400)

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

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: This bill requires applicants to the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors for an apprentice, journeyman, journeyman restricted, master, master restricted, or limited license to apply to the Central Repository for a national and State criminal history records check. The applicant is required to submit a set of legible fingerprints to the Central Repository and pay all required processing fees.

The Central Repository is required to provide to the board an acknowledged receipt of an applicant's criminal records check application. The Central Repository must also provide the results of an applicant's criminal history and a statement listing convictions as well as guilty or no contest pleas to any criminal charge. Applicants' criminal history must be updated periodically to reflect convictions occurring after the date of the initial records check. All information obtained by the board is confidential and can only be released to the applicant.

Applicants for a renewal license are required to submit an update to an initial criminal history records check; individuals holding licenses on or before December 31, 2007, are also required to obtain a records check as a condition of license renewal. The board is authorized to issue a temporary license to an applicant for a renewal license pending results from the Central Repository. Holders of a temporary license are required to work under the supervision of a licensed contractor.

Current Law: An individual who provides heating, ventilation, air-conditioning, or refrigeration services in the State is required to be licensed by the board. Applicants for licensure must meet certain experience requirements and pass an examination administered by the board, with the exception of applicants for licensure as an apprentice. The board may waive examination requirements for an individual licensed in another state.

The board may deny a license to any applicant, reprimand any licensee, or revoke a license after public hearing if the board finds that an individual has violated professional conduct standards established in law. The board may also deny a license to an applicant or licensee who is convicted of a felony or convicted of a misdemeanor directly related to the fitness of the individual in providing professional contracting services. The board is authorized to impose a penalty up to \$5,000 for each violation.

A criminal history records check is not required of applicants or current licensees.

Background: The Department of Labor, Licensing, and Regulation (DLLR) advises that there are currently 15,800 individuals holding an apprentice, journeyman, journeyman

restricted, master, master restricted, or limited license from the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors. An estimated 2,000 individuals apply for an initial license each year.

The bill requires each initial applicant for licensure to apply for a national and State records check. Individuals holding licenses as of December 31, 2007, are also required to obtain a records check as a condition of license renewal. An individual's records check must be updated each time a license is renewed. The Central Repository is authorized to charge a fee when conducting a criminal history records check for this purpose. The cost of the State and national records check required by the bill is \$62 per person, which includes the cost of the national record check, the State record check, and a fingerprinting fee.

State Fiscal Effect: The State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors would realize additional general fund expenditures in reviewing criminal history records checks and administering temporary licensing.

The bill requires licensees to obtain and regularly update record checks as a condition of licensing and renewal. In addition, the board is required to periodically verify the continued licensure of individuals requiring records checks. DLLR advises that additional personnel would be required to comply with the bill's administrative requirements. The electronic licensing system would also have to be reprogrammed to reflect the required changes.

The provision for temporary licensing could also result in increased administrative workload for the board. Criminal history records checks can take six to eight weeks to complete. The board is required to temporarily license individuals who otherwise could qualify for renewal if it has not yet received results of the records check. These licensees, regardless of title, are required to work under the supervision of a licensed individual. Depending on implementation, increases in workload could be significant.

General fund expenditures could increase by an estimated \$89,925 in fiscal 2008, which accounts for the bill's January 1, 2008 effective date. This estimate reflects the cost of hiring one office secretary to handle the bill's administrative processing requirements. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2008</u>	<u>FY 2009</u>
Salary and Fringe Benefits	\$20,930	\$42,885
One-time Programming Costs	50,000	-
Operating Expenses	<u>18,995</u>	<u>10,212</u>
Total State Expenditures	\$89,925	\$53,097
Positions	1	

Future years reflect: (1) a full salary with 4.5% annual increase and 3% employee turnover; and (2) 1% annual increase in ongoing operating expenses.

The Department of Public Safety and Correctional Services advises that expenditures associated with fingerprinting and criminal history records checks would be offset by the fees paid by the applicant; however, the requirement that the Central Repository provide an acknowledged receipt to the board is not standard procedure. This requirement could result in an increase in general fund expenditures. The cost of this change cannot be reliably estimated at this time.

Small Business Effect: Small business owners may elect to compensate their contractors for the cost of fingerprinting and criminal history records checks, resulting in a minimal fiscal impact. More significantly, temporary licensing requirements could reduce operational efficiency, as temporary licensees would be required to work under supervision of a licensed individual. Any “master” licensee could only meet the requirement for supervisor if another master licensee were available for that purpose.

Additional Information

Prior Introductions: None.

Cross File: SB 639 (Senator Klausmeier) – Education, Health, and Environmental Affairs.

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

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