

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 870
Economic Matters

(Delegates Stifler and Davis)

Maryland Geologists Act

This bill establishes a State Board of Geologists to protect the public and discourage occupational practices that reduce competition through price fixing or other means.

Fiscal Summary

State Effect: General fund expenditures could increase by \$210,200 in FY 2009 to hire board staff, develop licensing materials, and make programming changes. General fund revenues could increase by \$320,000 beginning in FY 2010 to reflect licensing fees. Potential additional minimal general fund revenues and expenditures could result from the bill's penalty provisions. Future years reflect annualization, inflation, and biennial licensing cycles.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	\$0	\$320,000	\$80,000	\$326,400	\$81,600
GF Expenditure	210,200	212,600	221,200	235,300	244,700
Net Effect	(\$210,200)	\$107,400	(\$141,200)	\$91,100	(\$163,100)

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

Local Effect: Potential minimal increase in revenues and expenditures due to the bill's penalty provisions. Potential meaningful operational impact for local governments that employ geologists.

Small Business Effect: Potential meaningful operational impact for employers of geologists.

Analysis

Bill Summary: The State Board of Geologists consists of seven members. Three geologists and three consumers are appointed by the Governor with the advice of the Senate and the Secretary of Labor, Licensing, and Regulation. The Director of the Maryland Geological Survey or a designee serves as an *ex officio* member. Members serve staggered terms of three years and may not serve more than two consecutive years. The Governor may remove an appointed member for sufficient cause.

The board is required to adopt regulations, administer examinations, issue licenses, maintain a list of licensees, and maintain a record of all proceedings. The board is additionally authorized to investigate complaints, issue subpoenas, and seek injunctions of prohibited conduct in circuit court.

An individual must be licensed by the board before practicing geology in the State. An applicant for licensure must • submit the required application; • pass an examination administered by the board; • provide educational credentials; • pass the standardized examination of a designated national professional association; • document that his or her ability to safely practice geology is not impaired due to a controlled dangerous substance, alcohol, or mental disorder; and • provide evidence that he or she has not been convicted of a crime related to the practice of geology. The board can set application, examination, licensure, and most other fees to approximate the board's direct and indirect costs.

Licenses are valid for a period of two years. A license may be reinstated within two years of its lapse if a reinstatement fee of \$100 is paid and other requirements are met. Reciprocal licensure is authorized for applicants who have actively practiced in a state with comparable licensing requirements.

The board is authorized to deny a license to any applicant, reprimand any licensee, or suspend or revoke a license. Grounds include fraudulently obtaining or using a license, conviction of a felony, professional misconduct, or other violations of the Maryland Geologists Act. An individual sanctioned on these grounds is entitled to a hearing before the board, the final decision of which may be appealed. Instead of or in addition to taking disciplinary action, the board may impose a penalty of up to \$5,000 per violation, payable to the general fund. Unauthorized practice is a misdemeanor and may be punishable with a fine of up to \$1,000 and/or imprisonment of six months, with increased penalties for subsequent offenses.

The board is subject to evaluation and reestablishment under the Maryland Program Evaluation Act, with a termination date of July 1, 2017.

Current Law: The Commission of the Maryland Geological Survey is an appointed five-member board that advises the Department of Natural Resources' Director of Geological Survey in topographic, geologic, hydrographic, and geophysical surveying and related endeavors. The commission does not regulate the practice of geology.

Background: The Bureau of Labor Statistics reports that there were 31,000 geoscientists in 2006, describing their work in the following manner:

Geoscientists can spend a large part of their time in the field, identifying and examining rocks, studying information collected by remote sensing instruments in satellites, conducting geological surveys, constructing field maps, and using instruments to measure the Earth's gravity and magnetic field. They often perform seismic studies, for example, which involve bouncing energy waves off buried layers of rock, to search for oil and gas or to understand the structure of the subsurface layers. Similarly, they use seismic signals generated by an earthquake to determine the earthquake's location and intensity. In laboratories, geologists and geophysicists examine the chemical and physical properties of specimens. They study fossil remains of animal and plant life or experiment with the flow of water and oil through rocks.

According to the National Association of State Boards of Geology, 28 states and Puerto Rico regulated the practice of geology as of October 2007, including Delaware and Pennsylvania. Registration is optional in Virginia.

State Revenues: Based on the credentialing activity of similar State boards and the number of geologists registered in Virginia, the Department of Labor, Licensing, and Regulation projects that 500 geologists could be licensed in Maryland under this bill.

Given the amount of time needed to establish a new board, hire staff, develop licensing materials, and promulgate regulations, the department advises that no licensing activity would be expected until fiscal 2010. Despite the bill's requirements, the department anticipates that only 80% of practicing geologists would pursue licensure in the first year it is available, with the remaining 20% not licensed until fiscal 2011.

The bill requires the board to establish application, examination, licensure, and other fees that approximate direct and indirect costs. In the board's first biennial licensing cycle, expenditures are estimated at \$433,876. Given this estimate, application, examination, and licensure fees would have to total at least \$800 to approximate expenditures.

In accordance with these assumptions, general fund revenues would increase by \$320,000 in fiscal 2010 and \$80,000 in fiscal 2011, with growth estimated at 2% per biennial cycle. The civil and criminal penalty provisions of this bill are not expected to generate a significant amount of additional State revenues.

State Expenditures: General fund expenditures could increase by an estimated \$210,175 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring one administrator, one aide, and a part-time assistant Attorney General to provide the staff support necessary to regulate and license geologists. It includes salaries, fringe benefits, one-time start-up costs, computer programming costs, and ongoing operating expenses. The estimate assumes that expenditures begin in fiscal 2009 to prepare for licensing activity beginning in fiscal 2010.

Positions	2.5
Salaries and Fringe Benefits	\$118,186
Electronic Licensing and Database Programming	60,000
Operating Expenses	<u>31,989</u>
Total FY 2009 State Expenditures	\$210,175

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

The criminal penalty provisions of this bill are not expected to generate a significant amount of additional State expenditures.

Local Fiscal Effect: The criminal penalty provisions of this bill are not expected to significantly affect local revenues or expenditures.

Additional Comments: The bill does not provide for a delayed implementation date or include a grandfathering provision for currently practicing geologists. The department has indicated that it will not be practicable to begin licensing activity by October 1, 2008, which will impact the ability of geologists to practice. This effective date could have potentially significant effects for employers of geologists, including State and local governments. Small businesses that employ geologists could be similarly impacted. To the extent that these employers subsidize the cost of licensure, ongoing expenditures could also be affected.

The bill could also have a significant impact on currently practicing geologists who do not meet licensure requirements. Without a grandfathering provision, these individuals may experience a loss in income while they meet the requirements for licensure. The anticipated lag between the effective date of the bill and the beginning of licensing activity has the potential to affect the income of all geologists and their ability to practice, regardless of their qualifications.

Additional Information

Prior Introductions: None.

Cross File: SB 678 (Senator Glassman) – Education, Health, and Environmental Affairs.

Information Source(s): Office of Administrative Hearings; Department of Labor, Licensing, and Regulation; Bureau of Labor Statistics; National Association of State Boards of Geology; Department of Legislative Services

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