

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 415

(Chair, Economic Matters Committee) (By Request –  
Departmental – Labor, Licensing, and Regulation)

Economic Matters

Education, Health, and Environmental Affairs

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**Department of Labor, Licensing, and Regulation - Occupational and  
Professional Licensing Design Boards - Fee-Setting Authority**

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This departmental bill continues the fee-setting authority for the five design boards within the Department of Labor, Licensing, and Regulation. The bill maintains the special fund that serves all five boards by extending the termination date to June 30, 2013 for the fund and related provisions.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** The bill would have no impact on State finances, as the proposed FY 2009 budget maintains the design boards' special fund status.

**Local Effect:** None.

**Small Business Effect:** DLLR has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. The attached assessment does not reflect amendments to the bill.

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**Analysis**

**Current Law:** Among other provisions, Chapter 227 of 2003 established the State Occupational and Professional Licensing Design Boards' Fund as a special, nonlapsing fund in DLLR. The licensing and professional design boards include • the State Board of Certified Interior Designers; • the State Board of Architects; • the State Board for

Professional Engineers; • the State Board of Professional Land Surveyors; and • the State Board of Examiners of Landscape Architects.

The Secretary of Labor, Licensing, and Regulation is required to annually calculate the direct and indirect costs attributable to each of the Occupational and Professional Licensing Design Boards. In order to establish fees that more equitably distribute the costs associated with the operation of each board, the Secretary is authorized to average the direct and indirect costs for similar boards with the boards' consent. Each professional design board sets reasonable fees based on the calculation of direct and indirect costs, with fee increases limited to 12.5% per year.

The authorization for the State Occupational and Professional Licensing Design Boards' Fund and fee-setting authority terminates on June 30, 2008.

**Background:** Because the boards are authorized to set and average their fees, DLLR reports that the design boards are able to provide improved customer service and outreach while moderating changes in each board's fees. If the termination date for the fund is not repealed and the boards are required to revert to their individual general fund status, the statutory fee structure would be insufficient to maintain current levels of service. Services provided jointly by the design boards include the *By Design* newsletter, outreach brochures, shared investigative and clerical staff, and the development of electronic licensing.

**State Fiscal Effect:** The Governor's fiscal 2009 allowance maintains the design boards' special fund structure, though authorization for the fund terminates at the end of fiscal 2008. If enacted, this bill would not affect the proposed fiscal 2009 budget, which provides \$0.6 million in special funds to the boards. This figure may understate the board's total fiscal 2009 expenditures, as the boards are attempting to spend down their fund balance of \$0.7 million at the end of fiscal 2007.

If the bill is not enacted, the balance in the State Occupational and Professional Licensing Design Boards' Fund would revert to the general fund at the beginning of fiscal 2009. Licensing fees would revert to 2003 statutory levels, as detailed in **Exhibit 1**. This structure would result in an increase in fees for the smaller boards that license landscape architects and interior designers. Fees for architects, land surveyors, and professional engineers would be reduced.

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**Exhibit 1**  
**Design Board Licensing Fees**

<u>Design Board</u>	<u>Number of Licensees</u>	<u>Current Fee</u>	<u>Prior Statutory Fee</u>
Architects	5,219	\$68	\$20
Land Surveyors			
Land Surveyors	416	\$68	\$60
Property Line Surveyors	296	\$68	\$20
Professional Engineers	15,717	\$68	\$20
Landscape Architects	837	\$68	\$200
Interior Designers	300	\$68	\$200

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The statutory fee structure did not generate the level of revenue now generated under the boards' special fund structure. The boards' special fund status has allowed the boards to equalize and stabilize fees among the five professional categories. The amount of revenue generated with the special funds exceeded original expectations, allowing the boards to implement electronic licensing while reducing licensing fees from \$78 to \$68 at the end of fiscal 2007.

The boards derive revenue from multiple sources, including application fees, services provided to the public, and renewal fees. The 2003 statutory fee structure would be insufficient to fully offset current expenditure levels. Thus, absent this bill, the net impact on the general fund would be negative.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 5, 2008  
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