

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1168 (Delegate Manno)
 Economic Matters

Interior Designers - Licensing

This bill establishes that interior designers must be licensed in order to practice in the State.

Fiscal Summary

State Effect: Special fund revenues increase by \$20,600 in FY 2010 due to the licensure of 200 new interior designers. Future years reflect staggered license renewal. Special fund expenditures increase by \$5,500 in FY 2010 for computer programming costs and expenses related to increased notifications to licensees. Future year expenditures reflect only the postage costs of mailing additional renewal notices. In FY 2014, the board converts from special fund to general fund status under current law.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	\$0	\$0	\$0	\$0	\$13,600
SF Revenue	\$20,600	\$5,200	\$13,600	\$3,400	\$0
GF Expenditure	\$0	\$0	\$0	\$0	\$500
SF Expenditure	\$5,500	\$200	\$500	\$200	\$0
Net Effect	\$15,100	\$5,000	\$13,100	\$3,200	\$13,100

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

Local Effect: None.

Small Business Effect: Meaningful. Individuals who perform interior design services in the State, but are not certified, are unable to continue to offer these services, or use any form of the term interior designer, without a license.

Analysis

Bill Summary: Most provisions included in the bill exist in statute for certification of interior designers.

The bill specifies that the practice of interior design means (1) the preparation and administration of a design plan related to interior spaces that involves furnishings, layouts, fixtures, cabinetry, lighting fixtures, finishes, materials, and interior construction not affecting the building system; and/or (2) any issue that requires education, training, and experience in interior design. The bill excludes from the practice the planning and design of engineering and architectural interior construction related to building systems as well as the practice of architecture or engineering.

In order to obtain a license, individuals must pay an application fee and a licensing fee. Licensees must be of good faith and reputation, at least 18 years old, and have passed the National Council of Interior Design Qualification Examination. Licenses are valid for two years. Licensees must complete at least 20 hours of continuing education in order to renew a license. The board may reinstate an individual who failed to renew a license if he or she meets the renewal requirements and pays a reinstatement fee.

Individuals or firms in the State may not represent themselves to the public as interior designers, or provide such services for a fee, unless licensed by the board. The bill allows individuals to provide certain services related to interior design without being licensed. For instance, an unlicensed individual may work under the supervision of a licensee; be an employee of a retail establishment that provides in-store consultations with customers regarding interior decoration or furnishings; or engage exclusively in the selection of furnishings, materials, and appliances if the individual does not use the title "interior designer."

The board may take disciplinary action against licensees, including the suspension or revocation of a license, if the licensee violates provisions established in the bill. Individuals who violate the provisions of the bill are guilty of a misdemeanor and are subject to a fine of up to \$1,000. The board may also fine individuals who violate the bill's provisions up to \$5,000 for each violation. Fine revenue is paid into the State's general fund.

The bill specifies that individuals who were certified by the board prior to October 1, 2008, qualify for licensure without meeting the education and examination requirements.

In order to reflect the regulatory change, the board's name changes from the State Board of Certified Interior Designers to the State Board of Interior Designers.

Current Law/Background: The board was established in 1991, and certifies interior designers who qualify based on meeting specified criteria, including education requirements and passage of an exam administered by the National Council of Interior Design Qualification or its equivalent. The current process does not prohibit noncertified individuals from practicing; it merely restricts the use of the title “certified interior designer” to individuals who have obtained certification from the State board. The Department of Labor, Licensing, and Regulation (DLLR) advises that this does not confer the exclusive right to practice within the defined scope of services. Thus, the bill changes a “title” act to a “practice” act by requiring any individual in the State who practices interior design to be licensed. According to DLLR, there are 330 certified interior designers in the State and approximately 400 former certificate holders.

Including the State Board of Certified Interior Designers, there are five design boards within DLLR. The other boards regulate architects, professional engineers, landscape architects, and professional land surveyors. Chapter 227 of 2003 established the State Occupational and Professional Licensing Design Boards’ Fund as a special, nonlapsing fund in DLLR. 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, 2013.

The board is subject to periodic evaluation under the Maryland Program Evaluation Act. Chapter 227 extended the board’s termination date from July 1, 2004 to July 1, 2014. The board must be evaluated again by June 30, 2013. Approximately 70 entities are subject to periodic evaluation under the Act.

State Fiscal Effect: DLLR advises that individuals currently certified as interior designers are able to obtain licensure without additional requirements. The regulatory change affects individuals who currently practice as noncertified interior designers. These individuals currently can perform the same services as certified interior designers, but they cannot use the title “certified.” The bill requires these interior designers to be licensed. DLLR expects 200 of these individuals to become licensed in fiscal 2010; they must pay a \$35 application fee and a \$68 licensing fee. Thus, special fund revenue for the Occupational and Professional Licensing Design Boards’ Fund increases by \$20,600 in fiscal 2010. Special fund revenues increase in fiscal 2011 by \$5,150 as 50 additional licenses are expected to be issued. Future year revenues reflect staggered license renewal. Under current law, the State Occupational and Professional Licensing Design

Boards' Fund terminates as of June 30, 2013. Thus, revenues in fiscal 2014 are deposited in the general fund unless authorization for the fund is extended.

Special fund expenditures from the Occupational and Professional Licensing Design Boards' Fund increase by \$5,500 in fiscal 2010 due to the need for additional computer programming and postage related to the increase in licensing volume handled by the board. Future year expenditures reflect the amount of postage required to send licensees renewal notifications. According to DLLR, complaints against certified interior designers are uncommon. Further, health, safety, or sanitation concerns rarely arise from the practice of interior design. Nevertheless, because the bill expands the disciplinary actions that can be taken by the board, special fund expenditures related to enforcement may further increase in fiscal 2010 and future years. Because the State Occupational and Professional Licensing Design Boards' Fund terminates as of June 30, 2013, expenditures in fiscal 2014 related to enforcement, and any additional operational expenses, are made from the general fund. Any such enforcement expenditures are assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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