

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 148

(The President)(By Request - Department of Legislative Services)

Education, Health, and Environmental Affairs

Economic Matters

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State Board of Pilots - Sunset Extension and Program Evaluation

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This bill extends the termination date for the State Board of Pilots for nine years to July 1, 2022, and requires an evaluation of the board by July 1, 2021. The bill includes a related reporting requirement.

The bill takes effect July 1, 2010.

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Fiscal Summary

**State Effect:** General fund revenues and expenditures for the board are maintained beyond FY 2013. The Governor's proposed FY 2011 budget includes \$37,769 for board operations. The bill's reporting requirement can be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law/Background:**

*Regulation of the Marine Pilotage Profession*

Pilotage is the act of guiding a marine vessel by a person who is licensed to conduct the ship into or out of port or through dangerous water. Oversight of the profession is

maintained through federal and State regulation. Federal law states that "...pilots in the bays, rivers, harbors, and ports of the United States shall be regulated only in conformity with the laws of the States." Maryland law in turn requires that each "...American vessel engaged in foreign trade and each foreign vessel shall employ a licensed pilot to pilot the vessel when it is underway on the navigable waters of the State, including when the vessel is towing or being towed by another vessel."

The State Board of Pilots has been in existence for over 200 years, and its priorities and legislative mandate remain largely the same today as when the board was first established: to provide safety in navigation of Maryland's commercial waterways in the interests of the ships, the citizens of the State, and the environment. Specifically, the board's responsibilities include:

- licensing pilots at four different levels;
- collecting licensing fees;
- maintaining continuing education credentials of pilots;
- selecting individuals to become pilots-in-training and approving training programs;
- maintaining oversight of all incidents involving a pilot and disciplining pilots as necessary; and
- approving pilot work rules.

#### *Number of Licensees Stable, Despite Shifts within Types of Licenses Issued*

The total number of licensees at the end of each fiscal year has fluctuated between 59 and 69 over the past six years. There have been significant shifts within the types of licensees. Between fiscal 2007 and 2008, unlimited licenses decreased by 20%, from 65 to 52 licenses. Also, while there were no limited licensed pilots in fiscal 2006, 12 limited licenses were granted in fiscal 2009. These licensing trends are the result of a number of pilots retiring as well as the board accepting new pilots-in-training every year for the past several years (fiscal 2004 through 2008).

### *Maryland Program Evaluation Act*

The board is one of approximately 70 entities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most agencies evaluated are also subject to termination, including the board which is scheduled to terminate July 1, 2013. The sunset review process begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC). LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to reauthorize the agency typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

### *Board Recommended for Reauthorization with a Reporting Requirement*

A preliminary sunset evaluation conducted by DLS in 2009 found that the board appears to be a well-run and professional entity and is necessary to ensure the safety of the ships, pilots, citizens of the State, and recreationalists using the bay or living along the transit routes of ocean vessels. Therefore, DLS recommended that the board be waived from full evaluation and that legislation be enacted to extend the board’s termination date by nine years to July 1, 2022. DLS also recommended that the Department of Labor, Licensing, and Regulation (DLLR) submit a report by October 1, 2010, to specified committees of the General Assembly that details the steps that have been taken to:

- determine whether additional requirements, such as a federal pilot license, should be a requirement for State pilot licensing;
- improve DLLR’s accounting of board-related expenditures when staff are shared among several boards to ensure the majority of board-related costs, including personnel, are tracked;
- increase the pilot-in-training application and licensing fees to reflect inflation and help offset board expenses;
- revise the draft levels associated with licenses in response to overall increases in vessel draft;
- develop statutory, regulatory, or other provisions to ensure adequate review and evaluation of the Association of Maryland Pilots’ annual audits; and

- improve the tracking of, and ensure compliance with, pilot continuing education requirements.

The bill implements those recommendations as adopted by LPC at its December 15, 2009 meeting.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 133 (The Speaker)(By Request - Department of Legislative Services) - Economic Matters.

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

**Fiscal Note History:** First Reader - January 26, 2010  
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