

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 792 (Delegate Hornberger, *et al.*)
 Economic Matters

Maryland Electricians Act - Revisions

This bill generally repeals local authority to license master and journeyman electricians beginning July 1, 2019. However, a local jurisdiction may apply to the board for authorization to license master and journeyman electricians after that date, and a local license issued before that date may remain valid until July 1, 2022. The bill also makes a number of related changes. Local jurisdictions retain the ability to establish a local board and require permits, fees, and inspections. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund revenues decrease by \$83,800 in FY 2020 and about \$60,000 to \$70,000 annually thereafter, as discussed below. Special fund revenues and expenditures increase by about \$60,000 to \$75,000 annually beginning in FY 2020. The bill’s penalty provisions are not anticipated to materially affect State finances.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GF Revenue	(\$83,800)	(\$61,800)	(\$64,700)	(\$57,100)	(\$70,400)
SF Revenue	\$61,000	\$63,000	\$64,300	\$76,300	\$67,500
SF Expenditure	\$61,000	\$63,000	\$64,300	\$76,300	\$67,500
Net Effect	(\$83,800)	(\$61,800)	(\$64,700)	(\$57,100)	(\$70,400)

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

Local Effect: Meaningful for local governments that license master electricians (nearly all counties) and journeyman electricians (five counties). The bill’s penalty provisions are not anticipated to materially affect local finances. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “License” for purposes of the State electrician law, means, unless the context requires otherwise, a license issued by the State board or a local jurisdiction to provide or assist in providing electrical services. It includes, unless the context requires otherwise, a master electrician license and a journeyman license.

Generally, an individual must be licensed by the State board by the bill’s July 1, 2019 effective date before the individual may provide or assist in providing electrical services as a master electrician or a journeyman electrician, as appropriate. However, a local license issued before that date may remain valid until July 1, 2022. The Department of Legislative Services (DLS) notes that only five counties license journeymen, so all journeymen who work in the remaining 19 jurisdictions without a local license must get a State license beginning July 1, 2019.

Beginning July 1, 2022, any master or journeyman license issued by a local jurisdiction before July 1, 2019, is no longer valid, *unless* the local jurisdiction applies for authorization from the State board to license master and journeyman electricians. Conforming and technical changes are made to generally incorporate these provisions. In addition, the bill:

- alters the membership and name of the State Board of Master Electricians, which becomes the State Board of Electricians;
- authorizes the Department of Labor, Licensing, and Regulation (DLLR) to set standards to establish the education requirements and qualifications necessary for a State apprentice electrician license;
- establishes qualifications for State journeyman licenses issued by the board and requires journeymen licensed by the board and who provide electrical services to maintain specified liability insurance (which is already required of master electricians);
- requires the board to adopt continuing education requirements for journeyman electricians (which are already required of master electricians under current law) and makes other specified changes to continuing education requirements;
- requires the board to enforce minimum standards for the provision of electrical services consistent with the National Electrical Code adopted by the State or any code or standard of the National Fire Protection Association that relates to the provision of electrical services;
- establishes specified consumer protections, additional violations, and associated fines and penalties;
- requires at least one licensed master electrician or journeyman electrician to be present at each job site in which electrical services are provided; and

- defines “limited energy services” and makes related changes, and specifies that the bill does not require State licensure for such services.

Current Law: The State Board of Master Electricians in DLLR issues master electrician licenses to qualified individuals under the Maryland Master Electricians Act. Each county is required to adopt licensing qualifications comparable to or more stringent than specified State qualifications or require a State license and enforce compliance with State licensing requirements. In a local jurisdiction that requires a local license, the State license does not authorize the provision of electrical services but serves only as a reciprocal mechanism for obtaining licenses in each local jurisdiction. In the two jurisdictions that do not have local licensing requirements, an electrician must have a State license to provide electrical services as a master electrician.

To obtain a State license as a master electrician, the applicant must have seven years of experience providing electrical services for all types of electrical equipment and apparatus, under the supervision of a master electrician or a similarly qualified employee of a governmental unit. The State board does not issue journeyman or apprentice electrician licenses. The board is authorized to establish fees by regulation. The initial fee is \$20 and the renewal fee is \$25.

Background: The State board shares licensing authority with local jurisdictions, all but two of which, Allegany and Garrett counties, have a licensing program for master electricians. Five counties – Calvert, Charles, Harford, Montgomery, and Prince George’s – also license journeyman electricians. The local jurisdictions that license apprentices are unknown. In fiscal 2019, the State board licenses approximately 5,400 master electricians; it is estimated that about 2,000 master electricians have only a local license because they work in just one jurisdiction and, therefore, have no need for a State license.

Statute requires local jurisdictions to enforce licensing requirements. The local policing of the electrical profession primarily occurs through locally issued permits and locally conducted inspections. Every jurisdiction in Maryland has a building permit office that is generally separate from the local licensing board.

Statewide Regulation of Electricians

The 2010 [sunset review](#) of the State board conducted by DLS examined the issue of a statewide electrician license. The evaluation concluded that, to ensure that electricians are operating in a safe manner throughout the State, a uniform licensing system should be adopted across the State and recommended that this be accomplished by establishing a new State Board of Electricians modeled after other statewide regulatory licensing boards.

In its evaluation, DLS recommended that the current State board be allowed to terminate and that it be replaced by a new State Board of Electricians with statewide regulatory authority, in addition to other recommendations. The evaluation further recommended that the board have authority over multiple licensing levels and that DLLR seek special funding authority for the board. However, these recommendations were not adopted by the General Assembly.

Chapter 579 of 2013 established the Task Force to Study Licensing and Continuing Education Requirements for Electricians. The task force had to, among other duties, (1) examine proposed changes to the State licensing requirements for electricians in the State and (2) review appropriate approaches for the licensure of electricians at the State and local level. The [final report](#) made a number of recommendations, including the adoption of a statewide master electrician license.

State Fiscal Effect: The State Board of Master Electricians is one of four boards at DLLR that share the Mechanical Boards' Fund. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of \$100,000 (*i.e.*, the operating surplus) reverts to the general fund. For example, if the fund had \$130,000 at the end of a fiscal year, then \$30,000 would revert to the general fund. The bill's implementation costs, even with the bill's additional revenues, require the board to spend money that would have otherwise reverted to the general fund. This reduces general fund revenues.

Specifically, accounting for the effects of both implementation costs and increased special fund revenues, general fund revenues decrease by \$83,800 in fiscal 2020 and by between \$57,100 and \$70,400 annually thereafter, under the assumptions discussed below. General fund revenues may vary significantly from this estimate, depending on the number and timing of licenses issued, and the associated fees.

Potential Authorizations to Issue Local Licenses

Under the bill, local governments may ask the State board for authorization to issue local master and journeyman licenses. Local licenses issued under such authorization are sufficient to provide or assist in providing electrical services in the local jurisdiction, without a State license. This analysis assumes that, in order to maintain conformity and reduce barriers to entry across the State, no such authorizations are granted by the State board. To the extent that local governments seek and are granted authorizations from the State board, the effects on State revenues and expenditures are less, as the board has fewer licensees to regulate but also collects less revenue.

Implementation Costs

Given the enhanced regulatory oversight authority of the board under the bill, additional staff are needed beginning in fiscal 2020. Currently, a single staff person is shared between two boards (master electricians and stationary engineers), and the board does not have a dedicated investigator. Any incremental work on behalf of the board requires additional staff.

Special fund expenditures needed to implement the bill are \$144,751 in fiscal 2020, which reflects no start-up delay from the bill’s July 1, 2019 effective date because State licensing activity will increase significantly when local jurisdictions can no longer issue licenses on or after that date. The estimate includes the cost of hiring one administrative specialist and one investigator to implement the statewide licensing and regulation of master and journeyman electricians. It includes salaries, fringe benefits, one-time start-up costs, travel expenses, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$122,711
One-time Programming Expense	11,000
Other Operating Expenses	<u>11,040</u>
Total FY 2020 DLLR Implementation Costs	\$144,751

Future year special fund expenditures (implementation costs) of about \$125,000 to \$138,000 annually reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

As noted above, due to the existing operating surplus reversion requirement, these implementation costs decrease general fund revenue.

Licensing Revenues

The precise number of individuals that will ultimately receive a State license under the bill is unknown. Previous estimates indicate that up to about 6,000 individuals may need to acquire a State master electrician or journeyman license. As the bill does not establish an apprentice license category or any specific requirements for licensure, this analysis does not include any related revenue from apprentice licenses.

Because most master electricians already have a State license, new licensees are assumed to be primarily journeymen. This analysis assumes that roughly half of overall licensure activity occurs in fiscal 2020 and half in fiscal 2021, based on (1) the requirement that unlicensed journeymen obtain a State license beginning July 1, 2019, (2) an incentive for local-only licensed individuals to seek State licensure prior to December 31, 2020, due

to an examination waiver; and (3) two-year local licenses issued before July 1, 2019, expire by the end of fiscal 2021.

Assuming existing master electrician fees are maintained and journeyman fees are established at \$20, special fund revenues increase by about \$61,000 to \$76,300 annually beginning in fiscal 2020. Revenues may vary significantly from this estimate, depending on the number and timing of licenses issued, and the associated fees.

Under these assumptions, new revenues are less than new implementation costs. As noted above, due to the existing operating surplus reversion requirement, this decreases general fund revenue.

Local Fiscal Effect: Local governments that license master electricians (nearly all counties) and journeyman electricians (five counties) are affected by the bill's *potential* phase-out of local licensing. Many counties collect a moderate amount of revenue from licensing fees. Under the bill, local governments may ask the State board for authorization to continue issuing local master and journeyman licenses. The bill is also silent on whether or not local jurisdictions may establish other forms of regulation, such as a registration requirement in lieu licensure.

Therefore, the effect of the bill on local licensing activity is unclear, although this analysis assumes that local requests for authorization to issue licenses are denied and, thus, revenues decrease. Despite the potential loss of local licensing revenues, local governments retain their existing ability to regulate electricians through a system of permits, fees, and inspections.

Small Business Effect: Generally, electricians must have licenses issued in each local jurisdiction to provide electrical services in that jurisdiction. DLLR advises that some licensees carry as many as 22 different licenses in order to be able to work statewide. Although the State passport license is available, it only expedites reciprocity; an individual must still obtain the license in each local jurisdiction to work – and pay the licensing fee and meet continuing education requirements. *Potentially* establishing a single license removes a significant portion of the administrative time and expense necessary to comply with existing local licensing laws.

The bill also requires at least one licensed master electrician or journeyman electrician to be present at each job site in which electrical services are provided. Depending on the existing practices of a particular business, this may be a significant requirement.

Additional Information

Prior Introductions: Similar legislation has been considered in recent legislative sessions. HB 1407 of 2018 and HB 1368 of 2017 both received an unfavorable report from the House Economic Matters Committee. SB 616 of 2015 was withdrawn without a hearing. HB 1119 of 2014 passed the House and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, SB 877, received a hearing from the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Association of Counties; Maryland Municipal League Department of Legislative Services

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