

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 712

(Senator Beidle, *et al.*)

Finance

Economic Matters

Household Goods Movers Registration

This bill prohibits a person from providing household goods moving services with a commercial vehicle, as defined in current law, in the State unless the person is registered with the Department of Labor, Licensing, and Regulation (DLLR). The bill may not be construed to require the registration of (1) employees of a person required to register under the bill or (2) an employee of a person whose goods are being moved. DLLR must adopt regulations to implement the bill, including those to establish requirements and procedures for the registration of household goods movers.

Fiscal Summary

State Effect: General fund expenditures increase by \$230,000 in FY 2020 and by \$261,200 to \$288,300 annually thereafter. General fund revenues increase by an unknown amount beginning in FY 2020 from application and registration fees.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GF Revenue	-	-	-	-	-
GF Expenditure	\$230,000	\$261,200	\$269,700	\$278,800	\$288,300
Net Effect	(-)	(-)	(-)	(-)	(-)

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: To apply for a registration as a household goods mover, an applicant must submit an application to DLLR and pay an application fee established by DLLR. The applicant must provide specified identifying information, such as the applicant's name and physical address. Applications must also include proof of insurance and workers' compensation coverage. Registration copies must be retained in each vehicle used to perform household goods moving services. Registrations must be renewed annually; the renewal fee is also established by DLLR. DLLR may impose a civil penalty of up to a \$5,000 fine for a violation of the bill.

Current Law: There is no requirement that household goods movers register with the State. However, the Maryland Household Goods Movers Act specifies other requirements related to household goods moving services. Violation of the Act is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions. Violation is also subject to any other civil or criminal action provided by law.

"Household goods moving services" means the loading, packing, moving, transporting, storing while in transit, unloading, or otherwise taking possession or control from a consumer of household goods for the purpose of moving them to another location at the direction of the consumer for a fee. It does not include moving household goods for disposal or destruction. A household goods mover means a person who provides household goods moving services.

A household goods mover must provide a written estimate to a consumer before providing household goods moving services for an intrastate move, subject to certain conditions, and must provide a written receipt after the move is complete. The receipt must contain the legal name and address and telephone number of the mover's resident agent in the State, or, if the mover has no resident agent in the State, the address and telephone number of the mover's principal place of business.

Background: The Federal Motor Carrier Safety Administration's Household Goods Program registers interstate household goods movers. As of February 2019, there were about 560 registrants headquartered in Maryland, with a combined fleet size of about 1,600 vehicles.

Some states, including California, Illinois, and Washington, regulate household goods movers, typically through some form of license.

State Fiscal Effect: DLLR must develop, implement, administer, and enforce a registration program for household goods movers. To do so effectively includes conducting

industry outreach, establishing the registration process, and conducting ongoing investigation and enforcement activities.

General fund expenditures increase by \$230,048 in fiscal 2020, which accounts for the bill's October 1, 2019 effective date. This estimate reflects the cost of hiring one administrator, one administrative specialist, one investigator, and one *half-time* assistant Attorney General to administer the program. It includes salaries, fringe benefits, one-time start-up costs, travel costs, and ongoing operating expenses. It also includes \$10,000 in fiscal 2020 to develop an online registration system and \$2,000 annually for ongoing costs associated with the system.

Positions	3.5
Salaries and Fringe Benefits	\$190,987
Registration System Development	10,000
Other Operating Expenses	<u>29,061</u>
Total FY 2020 State Expenditures	\$230,048

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

The number of household goods movers in the State that are required to be registered is unknown; the federal registry includes only interstate movers located in the State, and therefore does not capture out-of-state companies serving the State and those providing only in-state services. Also, the bill does not specify an amount for either the application fee or the annual registration fee. Therefore, registration revenue cannot be reliably estimated at this time.

It is likely that revenue will be insufficient to cover costs in the first few years of the program, until the industry becomes aware of the registration requirement. DLLR advises that making out-of-state companies aware of the requirement and identifying which companies should be registered will be difficult. Nevertheless, it is assumed that once a stable number of registrants is established, DLLR will adjust the fee to cover its administrative costs.

For illustrative purposes only, assuming 1,500 annual registrations, the annual fee to cover DLLR's administrative costs ranges from about \$150 to about \$190. Fees sufficient to fully cover DLLR's costs in the early years could be significantly higher if there are few registrants.

The penalty provisions of the bill do not have a material effect on State finances or operations.

Small Business Effect: Small household goods moving businesses must register with DLLR, pay an annual registration fee, and are subject to additional investigation, enforcement, and civil penalties.

Additional Information

Prior Introductions: HB 937 of 2018, a similar bill, passed the House with amendments and passed second reading in the Senate; however, no further action was taken.

Cross File: HB 671 (Delegate Rogers, *et al.*) - Economic Matters.

Information Source(s): Department of Labor, Licensing, and Regulation; U.S. Department of Transportation; California Public Utilities Commission; Illinois Commerce Commission; Washington Utilities and Transportation Commission; Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2019
mag/mcr Third Reader - March 19, 2019

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