

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1262
 Economic Matters

(Delegate Hornberger)
 Education, Health, and Environmental Affairs

Maryland Electricians Act - Revisions

This bill repeals local authority to license master, journeyman, and apprentice electricians beginning January 1, 2022, and instead requires a State license for each of those classifications. However, a local jurisdiction may continue to issue or begin issuing local *registrations* for those classifications, subject to specified requirements. Local jurisdictions also retain the ability to establish a local board and require permits, fees, and inspections. The bill also establishes a Workgroup to Study Limited Energy Services, staffed by the Maryland Department of Labor (MDL), subject to specified requirements. **The bill takes effect July 1, 2021, but provisions related to licensing and registration of electricians take effect January 1, 2022; the workgroup terminates December 31, 2021.**

Fiscal Summary

State Effect: Special fund revenues and expenditures increase by \$85,300 in FY 2022, under assumptions discussed below. Out-year expenditures reflect ongoing expenditures and termination of one-time costs, with corresponding special fund fee revenue increases. General fund revenues due to annual special fund reversions may be affected, but the amount cannot be reliably estimated at this time (not shown below). Costs associated with the workgroup are assumed to be minimal and absorbable within existing budgeted resources. Penalty provisions are not anticipated to materially affect State finances.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$85,300	\$71,900	\$74,000	\$76,700	\$79,400
SF Expenditure	\$85,300	\$71,900	\$74,000	\$76,700	\$79,400
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: The bill likely does not materially affect local government finances or operations, as discussed below.

Small Business Effect: Meaningful.

Analysis

Bill Summary: Generally, an individual must be licensed by the State board beginning on January 1, 2022, as a master, journeyman, or apprentice electrician, as appropriate, before engaging in the activities covered by each license. However, the bill allows local jurisdictions that issue such licenses prior to that date to instead issue *registrations* with comparable requirements, and for other local jurisdictions to begin to issue such registrations, subject to specified requirements. Conforming and technical changes are made to generally incorporate these provisions. Among other changes, the bill:

- requires the board to adopt specified continuing education requirements for electricians (which are already required of master electricians) 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 most recent version of the National Electrical Code;
- establishes specified consumer protections, additional violations, and associated fines and penalties; and
- requires at least one licensed master electrician or journeyman electrician to be present at each job site in which electrical services are provided.

The board must provide notice to each local board in the State of the provisions of the bill and the effect it will have on electricians (currently) licensed by local boards, including information regarding how electricians with local licenses may obtain licenses issued by the State board.

Workgroup to Study Limited Energy Services

The Workgroup to Study Limited Energy Services is established, is staffed by MDL, and consists of specified government and industry stakeholders. A member of the workgroup may not receive compensation as a member of the workgroup but is entitled to reimbursement for travel expenses. The workgroup must study and make recommendations regarding legislation for the licensing and regulation of, and qualifications for, individuals who provide limited energy services in the State. By December 1, 2021, the workgroup must report its recommendations to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee.

If the State has not enacted legislation establishing a licensing program for individuals who provide or assist in providing low-voltage electrical services by July 1, 2024, the General Assembly must, by December 1, 2024, consider legislation proposed by the workgroup necessary for the regulation and licensing of low-voltage electricians. The Department of Legislative Services (DLS) notes that the General Assembly does not

normally convene until January of each year, so a special session of the General Assembly might be necessary to comply with this provision.

Current Law: The State Board of Master Electricians in MDL 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, apprentice, or low-voltage electrician licenses. The board is authorized to establish fees by regulation. The initial licensing fee is \$20 and the renewal fee is \$25.

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 and/or apprentices. The remaining local jurisdictions that license apprentices and/or some form of low-voltage or similar service is unknown.

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.

State Fiscal Effect:

Implementation Costs

Given the enhanced regulatory oversight authority of the board under the bill and a larger number of licensees to regulate, additional administrative support is needed at MDL. Accordingly, special fund expenditures increase by \$85,334 in fiscal 2022, which assumes that new staff are hired as of July 1, 2021, in order to ensure that all electricians are licensed by January 1, 2022, as required by the bill. The estimate includes the cost of hiring one administrative specialist to implement the additional licensing and regulation of

master, journeyman, and apprentice electricians. It includes a salary, fringe benefits, one-time start-up costs, travel expenses, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$74,589
One-time Programming Expense	5,000
Other Operating Expenses	<u>5,745</u>
Total FY 2022 MDL Implementation Costs	\$85,334

Future year special fund expenditures reflect annual salary increases and employee turnover and ongoing operating expenses, as well as the termination of one-time expenses.

Licensing Revenues

The precise number of individuals that will ultimately receive a State license under the bill is unknown; based on previous estimates, it is likely to be several thousand individuals, at a minimum. Because most master electricians already have a State license, new licensees are assumed to be primarily in the journeyman and apprentice categories.

This estimate assumes that (1) MDL establishes fees to approximate the additional implementation costs under the bill, based on anticipated licensure activity at the time of implementation and (2) there is sufficient licensure activity, as the industry comes into compliance, to create a generally stable annual revenue stream. Accordingly, special fund revenues increase by about \$85,300 in fiscal 2022 and by about \$71,900 to \$79,400 annually thereafter, which generally assumes that initial licensure fees are higher than renewal licensure fees. Actual revenues may vary from this estimate, depending on the number and timing of licenses issued, and the associated fees.

General Fund Reversions

The State Board of Master Electricians is one of four boards at MDL 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 has \$130,000 at the end of a fiscal year, then \$30,000 reverts to the general fund. Therefore, to the extent that MDL over- or under-collects special fund revenues in a particular year, relative to the bill's implementation costs, general fund revenues may increase or decrease; however, this analysis assumes that additional fee revenues collected each year approximate the additional expenditures, as required by statute, so it does not include any estimate of such effects on the general fund.

Local Fiscal Effect: Local governments that license master electricians (nearly all counties), journeyman electricians (five counties), and apprentices (at least a few

counties, but the total is unknown) are affected by the bill's phase-out of local licensing. Many counties collect a moderate amount of revenue from licensing fees. However, local governments may continue to issue or begin issuing local master, journeyman, and apprentice *registrations*, subject to relatively modest requirements. Local governments also retain their existing ability to regulate electricians through a system of permits, fees, and inspections. Relevant fees can be adjusted as necessary to offset any costs associated with the bill. Therefore, the bill likely has a minimal overall effect on local government finances and operations.

Small Business Effect: Generally, master electricians must have licenses issued in each local jurisdiction to provide electrical services in that jurisdiction. MDL 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. However, the benefit to an individual is lessened by the likely transition to a local registration system, which may ultimately have similar overall requirements.

The bill also requires at least one licensed master electrician or journeyman electrician to be present at each job site where electrical services are provided. Depending on the existing practices of a particular business, this may be a significant requirement and increase operating costs. For example, the residential solar panel installation industry has expressed concerns that this requirement may increase the cost of solar panel installations. Currently, licensed master electricians are typically not on site during such installations. It is assumed that any such increase in costs is passed on to consumers.

Additional Comments: Chapter 591 of 2020 required MDL to convene a workgroup to study issues regarding the licensing of electricians and the provision of electrical services and low-voltage electrical services in the State. The workgroup's final report can be found on the DLS [website](#).

Counsel to the General Assembly advises that the provision requiring a future General Assembly to consider legislation proposed by the workgroup established by the bill is not binding and, thus, is unenforceable. Further, as noted above, if the intent of the provision is followed, a special session could be necessary. This analysis does not include any costs associated with any such special session.

Additional Information

Prior Introductions: Multiple similar bills have been introduced over the past decade, but none has been enacted in a posture that is similar to the bill. Most recently, SB 994 of 2020, which was a similar bill as introduced, was amended into a workgroup to study related licensing and regulatory issues and enacted as Chapter 591.

Designated Cross File: SB 762 (Senator McCray) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of Labor; Garrett and Montgomery counties; Maryland Municipal League; Department of Legislative Services

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