

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

Senate Bill 762

(Senator McCray)

Education, Health, and Environmental Affairs

Economic Matters

Maryland Electricians Act - Revisions

This bill repeals local authority to license master, journeyman, and apprentice electricians beginning July 1, 2021, 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. The bill makes a number of related changes. Local jurisdictions retain the ability to establish a local board and require permits, fees, and inspections. 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. **The bill takes effect July 1, 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). 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 July 1, 2021, 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; and
- establishes specified consumer protections, additional violations, and associated fines and penalties.

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 licensed by local boards, including information regarding how electricians with local licenses may obtain licenses issued by the State board.

Under the bill, at least one licensed master electrician or journeyman electrician must be present at each job site in which electrical services are provided. An existing related provision authorizing an unlicensed employee to provide electrical services only while under the supervision and control of a licensed master electrician is repealed.

Finally, the bill expresses the intent of the General Assembly that Title 6 of the Business Occupations and Professions Article (the Maryland Electricians Act, under the bill) continue to be interpreted to not apply to the low-voltage industry or the provision of limited energy services.

Current Law: The State Board of Master Electricians in the Maryland Department of Labor (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.

A licensed master electrician or a person to whom a master electrician assigns a local license may employ an individual who is not a licensed master electrician under the Maryland Master Electricians Act to provide electrical services if the individual provides the services only while under the supervision and control of a licensed master electrician (this provision is repealed by the bill).

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; as the bill requires that all electricians be licensed as of the bill’s July 1, 2021 effective date, this analysis assumes no implementation delay for the addition of new staff. 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 in fiscal 2021 and 2022, as the industry comes into compliance, to create a 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. 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 Department of Legislative Services [website](#).

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: HB 1262 (Delegate Hornberger) - Economic Matters.

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

Fiscal Note History:
rh/mcr

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Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510