

**Department of Legislative Services**  
 Maryland General Assembly  
 2019 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 905 (Delegate Hornberger, *et al.*)  
 Economic Matters

**Electricians - Low-Voltage Electricians, Continuing Education, and Penalties**

This bill establishes licensing requirements for a low-voltage electrician’s license and requires an individual to be licensed by the (renamed) State Board of Electricians before providing electrical services. The bill also makes other related changes to the regulation of electricians by the board.

**Fiscal Summary**

**State Effect:** General fund revenues decrease by \$6,900 in FY 2020 and by about \$13,600 to \$20,400 annually thereafter, as discussed below. Special fund revenues and expenditures increase by about \$50,000 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	(\$6,900)	(\$13,600)	(\$15,800)	(\$18,000)	(\$20,400)
SF Revenue	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
SF Expenditure	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Net Effect	(\$6,900)	(\$13,600)	(\$15,800)	(\$18,000)	(\$20,400)

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

**Local Effect:** The bill does not materially affect local government finances or operations.

**Small Business Effect:** Meaningful.

## Analysis

**Bill Summary:** “Low-voltage services” means:

- for audio signal processing, amplification, and reproduction equipment, electrical services that are operated at up to 80 volts of electrical current; and
- for all other electrically operated services, services that are operated at up to 50 volts of electrical current.

An applicant for a low-voltage electrician license must have been engaged or employed regularly and principally in providing electrical services for all types of electrical equipment and apparatuses for at least three years.

The bill specifies certain requirements for waiving an examination for a low-voltage electrician license, which generally relate to an applicant’s education and work experience. Consistent with existing requirements for master electricians, a low-voltage electrician who is licensed by the board and provides low-voltage electrical services must:

- maintain \$300,000 or more in general liability insurance;
- maintain \$100,000 or more in property damage insurance; and
- submit proof of the required insurance to the board.

Various other conforming changes are made to integrate the new license category into the existing statutory framework for master electricians. For example, the board is authorized to establish license fees for low-voltage licenses by regulation.

### *Prohibitions against Unlicensed Services and Associated Penalties*

Except as otherwise provided in the Maryland Electricians Act, as renamed by the bill, an individual may not:

- provide, attempt to provide, or offer to provide electrical services for compensation without an appropriate license issued under the Act;
- assist, attempt to assist, or offer to assist in providing electrical services for compensation without an appropriate license issued under the Act;
- provide electrical services for compensation without obtaining a permit for the services if required by a local jurisdiction; or
- provide electrical services that are beyond the scope of the license issued to the individual under the Act.

Similarly, a person may not employ an individual to provide or assist in providing electrical services unless the individual (1) is licensed or permitted as an electrician and (2) provides or assists in providing electrical services within the scope of the individual's license or permit.

Any person, including any officer, as defined, who violates these prohibitions is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000 for a first conviction or a fine of up to \$5,000 for a second or subsequent conviction.

#### *General Civil Penalty Authority*

In addition to any other penalties, and subject to specified requirements, the board may impose on a person who violates any provision of the Maryland Electricians Act a civil penalty of up to \$5,000 for each violation. Revenue from such penalties accrues to the State Occupational Mechanical Licensing Boards' Fund.

#### *Additional Board Duties*

In addition to any powers and duties set forth elsewhere, the board must 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. The bill also specifies additional requirements related to continuing education, which is already required for license renewal.

**Current Law/Background:** There is no State low-voltage electrician license. The Department of Labor, Licensing, and Regulation (DLLR) advises that local jurisdictions typically license individuals who provide low-voltage or other limited services.

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.

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:** 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 \$6,900 in fiscal 2020 and by between \$13,600 and \$20,400 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.

#### *Implementation Costs*

Currently, a single staff person is shared between two boards (master electricians and stationary engineers). Any incremental work on behalf of the board requires additional staff. Special fund expenditures needed to implement the bill are \$56,924 in fiscal 2020, which reflects the bill's October 1, 2019 effective date. The estimate includes the cost of hiring one administrative specialist to facilitate the licensure and ongoing regulation of low-voltage electricians. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	\$47,205
One-time Programming Expense	5,000
Other Operating Expenses	<u>4,719</u>
<b>Total FY 2020 DLLR Implementation Costs</b>	<b>\$56,924</b>

Future year special fund expenditures (implementation costs) of about \$64,000 to \$70,000 annually reflect a full salary 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 low-voltage license under the bill is unknown. This analysis assumes that 4,000 individuals are licensed in each biennial licensing cycle, with 2,000 two-year licenses issued each year beginning in fiscal 2020, reflecting a partial implementation delay as individuals come into compliance with the bill and then ongoing renewals. Under these assumptions, special fund revenues increase by about \$50,000 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:** The bill establishes a State low-voltage electrician license but does not prohibit local governments from continuing to license low-voltage electricians. Therefore, local finances and operations are not materially affected.

**Small Business Effect:** Small businesses that provide low-voltage electric services must ensure compliance with the new State licensure requirements, including the costs and time associated with licensure, continuing education, and minimum insurance requirements.

**Additional Comment:** Although it is not explicitly stated in the bill, this analysis assumes that “low-voltage services,” as defined by the bill, is included within the larger definition of “electrical services” in current law. Absent that assumption, the bill does not require an individual to have any license to provide low-voltage services.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Harford and St. Mary’s counties; Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

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