

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1127 (Delegates Hornberger and Mosby)  
 Economic Matters

Maryland Electricians Act of 2020

This bill generally repeals local authority to license master, journeyman, and low-voltage electricians beginning July 1, 2020, and instead requires a State license for each of those classifications. However, a local jurisdiction may qualify to continue issuing, or apply for State authorization to begin issuing, local licenses under specified circumstances. The Maryland Department of Labor (MDL) must adopt regulations to establish requirements and qualifications for apprentice electrician licenses. 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, 2020.**

Fiscal Summary

**State Effect:** Special fund revenues and expenditures for MDL increase by \$140,800 in FY 2021, under the assumptions discussed below. Out-year expenditures reflect ongoing expenditures and the termination of one-time costs, with corresponding special fund fee revenue increases. General fund revenues due to annual special fund reversions may also be affected, but the amount cannot be reliably estimated at this time and is not shown below. The bill’s penalty provisions are not anticipated to materially affect State finances.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$140,800	\$123,600	\$127,000	\$131,400	\$136,000
SF Expenditure	\$140,800	\$123,600	\$127,000	\$131,400	\$136,000
Net Effect	\$0	\$0	\$0	\$0	\$0

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

**Local Effect:** Potentially meaningful for local governments that license master, journeyman, and/or low-voltage electricians. The bill’s penalty provisions are not anticipated to materially affect local finances.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** The bill alters the membership and name of the State Board of Master Electricians, which becomes the State Board of Electricians. It also establishes qualifications for State journeyman and low-voltage licenses issued by the board, which currently issues licenses only for master electricians. These qualifications include requirements for individuals holding local licenses to transition to a State license, as well as reciprocity requirements for those holding licenses in other states.

Generally, an individual must be licensed by the State board by the bill's July 1, 2020 effective date as a master, journeyman, or low-voltage electrician, as appropriate, before engaging in the activities covered by each license. However, the bill establishes a process for local jurisdictions that issue such licenses prior to that date to continue doing so. The bill also establishes a separate application process for local jurisdictions that do not issue such licenses as of that date to begin issuing them in the future. Conforming and technical changes are made to generally incorporate these provisions. Among other changes, the bill:

- requires low-voltage electricians to maintain specified liability insurance (which is already required of master electricians);
- requires the board to adopt continuing education requirements for electricians (which are already required of master electricians) and makes other specified changes to continuing education requirements;
- requires MDL to set standards to establish the education requirements and qualifications necessary for both a State apprentice electrician license and a State-registered apprentice license;
- 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, and establishes a similar requirement that an appropriately licensed or certified individual be present or in close proximity and accessible by telephone at each job site in which electrical services are provided on fire alarms.

**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, low-voltage, or apprentice electrician licenses. The board is authorized to establish fees by regulation. The initial licensing 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 low-voltage electricians and/or apprentices are unknown. 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 the Department of Legislative Services (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.

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:

### *Implementation Costs*

Given the enhanced regulatory oversight authority of the board under the bill, additional staff are needed at MDL. Accordingly, special fund expenditures increase by \$140,828 in fiscal 2021; as the bill requires that all electricians be licensed as of the bill's July 1, 2020 effective date, this analysis assumes no implementation delay for the addition of new staff. The estimate includes the cost of hiring one administrative specialist and one investigator to implement the additional licensing and regulation of master, journey person, low-voltage, and apprentice electricians. It includes salaries, fringe benefits, one-time start-up costs, travel expenses, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$124,778
One-time Programming Expense	5,000
Other Operating Expenses	<u>11,050</u>
<b>Total FY 2021 MDL Implementation Costs</b>	<b>\$140,828</b>

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 journey person, low-voltage, 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 \$140,800 in fiscal 2021 and by about \$122,300 to \$134,700 annually thereafter. Actual revenues may vary significantly 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.

### *Potential Authorizations to Issue Local Licenses*

Under the bill, local governments may continue or begin to issue local licenses under certain circumstances. To the extent that local governments do so, the effects on State revenues and expenditures are less, as the board has fewer licensees to regulate but also collects less revenue.

**Local Fiscal Effect:** Local governments that license master electricians (nearly all counties) journeyman electricians (five counties), and low-voltage electricians (unknown) 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 continue to issue or begin issuing local master, journeyman, and low-voltage licenses under specified circumstances, and other local governments may seek authorization from the State board to begin issuing local license. The bill is also silent on whether or not local jurisdictions may establish other forms of regulation, such as a registration requirement instead of licensure.

Therefore, the effect of the bill on local licensing activity is unclear, although this analysis assumes that local governments generally qualify to continue issuing their licenses as authorized under the bill. 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, 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. Conversely, 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.

The bill also establishes certain requirements for individuals to be present or in close proximity and available by phone at job sites, as described above. Depending on the existing practices of a particular business, this may be a significant requirement.

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### **Additional Information**

**Prior Introductions:** Similar legislation has been considered in recent legislative sessions. HB 792 of 2019, HB 1407 of 2018, and HB 1368 of 2017 each 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.

**Designated Cross File:** SB 994 (Senator McCray, *et al.*) - Education, Health, and Environmental Affairs.

**Information Source(s):** Maryland Department of Labor; Maryland Association of Counties; Maryland Municipal League; Garrett County; Department of Legislative Services

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