

# Regulatory Reform Commission Meeting

Southern Maryland (Waldorf)

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Commission Members Present: Co-Chairs (Jim Soltez, Abba Poliakov), Jenny Rhodes, Suzy Gantz, Henry Guilford, Jay Baldwin, Jim Brady

Co-Chairs - Opening Remarks

Elected Officials Present: Delegate Mark Fisher, Delegate Matt Morgan, Delegate Deborah Rey, Calvert County Commissioner Steven Weans, Charles County Commissioner President Peter Murphy

## ***Delegate Matt Fisher***

- Business Personal Property Tax
- \$300 fee
- Costs more to hire the CPA to fill out the papers, than it costs to pay the fee
- pay tax every single year (equipment) - incredibly burdensome tax, causes businesses to not invest in new equipment.
- put in a bill every year to repeal the tax
- SDAY audit on cell phone tower, not fixed asset
- Recommend: can't get rid of tax because SDAT issues certificate of good standing. agency responsible should be comptroller
- Recommend: let's ask the counties get rid of this tax, State of Maryland eliminate the filing fee.
- Gambling Casinos - exempt from paying personal property tax on equipment

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*Jim Brady - what is SDAT*

*A: State Dept. of Assessments and Taxation. Forms are massive, good luck in getting through to them*

***Delegate Matt Morgan***

Reiterate what Delegate Fisher said.

Septic Regulations - big in rural areas, especially on commercial properties

COMAR 26.04.02.04(f)(2)- Commercial Septic Systems

- Church, MDE requires shared septic system. Regulatory changed in 2014. Cuts back on ability to develop in business in rural areas. Got a variance. Call state elected official to get a variance - speaks to cronyism.
- Pre-2014: build a building, rent it, build another, rent it -- allowed to connect to septic system
- Post-2014: each building must have its own septic system
- Should be about the science/math, not zoning

May 2014 -- COMAR 24.02.06.05(k)

- 7 categories - PERC test
- MDE grouped them together into 3 categories, results in drain fields that are 50% bigger, parcel of land not big enough. Chick-Fil-A - building couldn't be built as big as needed, they backed out.

*Jim Soltez - asked for written comments, meeting with MDE in a few weeks*

***Peter Murphy - Charles County Commissioner President***

Commented on streamlining regulations for businesses. Regulatory burden has increased over time. Initiating a conversion to an electronic system, hoping to reduce time it takes to process applications

Currently takes 18 months to process a development application

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*Abba Poliakov - have you looked at efficiencies between county/state and how conversion to electronic system can be integrated?*

*A: still looking at this.*

*Jim Soltez - 18 months for a subdivision - if there are any state agencies involved in approval process, let us know if you have suggestions on ways to speed things up.*

**Calvert County Commissioner Steven Weems**

Read from Prepared Written Remarks

*Jim Soltez - Highway User Revenues*

*A: balance is low*

**Denise Brown, Lisa Ennis (sp?), Keisha \_\_\_\_\_**

Representing a cosmetology industry

Submitted written comments

Allocations of inspections, changes in licensing

Denise Brown - industry going "downhill", no care to hair care, go back to the basics, basics taken out of curriculum

- BOP 5-101: Causing hair loss, death. Unlicensed hair dressers/cosmetologists able to do. What is greater licensure?

Lisa Ennis - salon's "natural hair license" doesn't have to be licensed; Ohio, continuing ed requirement Maryland does not have this requirement.

General Funds Board. Where is the money going to? Need inspectors, administrative support

Keisha - continuing education. Maryland not required, all her other licenses in other states require CEs.

Denise Brown - students. Education not adequate. Asking to create an internship program for cosmetology students, required to be licensed.

*Jim Brady: issues result of regulations that have been in effect for many years, or new regulations?*

*A: mostly older regulations. Revised 2010*

*Jim Brady: urged them to talk to legislators.*

*A: Denise Brown - she discusses this at State Board of Cosmetologists meeting each month, always rejected.*

***Richard Cody - Cemetery Operator***

Licensed by Title 5

Provide a financial stability report, in addition to audit and perpetual care funds, audit of merchandising trust.

Interest - cannot charge interest.

Consumer can cancel contract at any time until they die (casket sales). Cannot deduct true cost of sale.

Would

*Jim Brady - interest*

*Jim Soltez - on the three financial filings, problem with financial stability report = redundant? Cost to put together the report?*

*\$2k-\$3k, files with Office of Cemetery Oversight*

***Richard Linnore - Co-Owner of lawn care and landscaping business (Charles, St. Mary's, Calvert Counties)***

3,700 clients, employ 25 people, gross sales \$2.5m

Montgomery County pesticide ban

1. Need a pre-emption law, stronger than what's in place (statewide law)
2. Pesticide Regulation, Nutrient Management for Dept. of Agriculture. Fertilizer law 2011.
  - Created another division to manage nutrient management, so business owner doesn't have to deal with different divisions/agencies, deal with one entity, makes it easier on business owners.

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*Jim Soltez - asked if he could submit written comment. He asked to clarify that he's asking for a statewide pre-emption law.*

A: yes, yes.

***Delegate Seth Howard***

Business Regulation Subcommittee

Access Permit - wants a more cohesive message on following guidelines. He mentioned bike lanes, lane widening - things that the district engineer wanted (but is not required)

Boils down to -- following guidelines, not district engineer's wish list.

***Tom Henman - former commissioner MHIC***

Contractor for over 37 years.

He wants to discuss situations that affect the construction business.

- 1) Lead paint - Maryland regulation requires take a course and get a license, federal regulations require same exact thing and pay \$300. Why can't they be combined??
- 2) Personal property tax \$300 (used to be \$30)
- 3) State Medicaid contractor - paperwork to be approved is very extensive. took close to 3 months to get registered
- 4) \$5,000 in fees to be a licensed contractor every 3 years
- 5) Continuing education.

*Jim Soltez - asked him to submit info on duplication of lead paint requirements.*

***Jim Ritter - architect in Calvert County***

- 1) statewide building code (including fire marshal requirements) - would like to see a consistent code applied statewide
- 2) professional services selection
  - State requires a RFP. Never precise enough to know exactly how much time job will take, no way to negotiate. Federal Government (brooks law - 1960's) requires

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selection based on most qualified, and then negotiate a fee based on job requirements.

*Jim Brady - what's your experience with State Fire Marshall*

*A: gave example. old farm, extension on school, gravel road. fire marshall said it needs to be paved.*

**Kevin Shoemaker - drywall and painting company**

2,500 clients per year

DLLR - worker classification "harassment" unit, fishing expedition

Last 24 months, cited 12 times.

Presumption of guilt, no probable cause, holds up work in field

They'll contact 8-9 months later with questions

**Blackie Willis**

MDOT - Access Permits

Time it takes to get projects approved, permitted

Used to be centralized, now de-centralized

Currently working on a project in Richmond, taking 1/2 the time

Thanked MDE - repealed state's stage 2 vapor requirement; Reached out to MAPDA to find a solution

*Jim Brady - access permits (6 projects last 18 months). Is there a pattern?*

*A: Design standard. 5-7 sets of comments from SHA*

*Jim Brady - how does Virginia do it?*

*A: Smoother, doesn't have 5-7 sets of comments, too many cooks in the kitchen*

**Nick Seraglou (sp?)**

Coin Equipment operator

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Games such as skee ball, Pac Man - not certain if they're legal to operator.

Lottery Commission - 42 months to

*Jim Brady - 42 months to find out if they're legal*

A: yes

132 different tax issues related to his industry.

COMAR 36.08.01.03 Proposed Amusements Devices

***Debbie Buckler - seafood restaurant St. Mary's county***

Father started business, employ people in the community, bought place in 2012. road blocks re: regulations, permitting

Walk-in fridge -- requested permit in April 2015, still hasn't been approved. Still on State Fire Marshal's desk. Made calls, no response. State Health Dept., State Fire Marshall

Father - "Burt's". 10,000 sq. ft.

1985. Expansion from 20 seats to 100 seats.

1986. Expansion from 100 seats to

2015. Debbie - "foxy fish". Addition of 60 seats. Told if they go over 99 seats, need to install a sprinkler system. Requested a variance. Also told he needs to go to a "mound system". He feels the state is chasing away a lot of business. Farmers, electricians, plumbers. \$0 payroll, now up to \$250,000 payroll

60 more seats - \$310,000 cost

Health Dept. wanted to do PERC test right in front of establishment, he wanted it in back

- (1) grandfathering
- (2) set up an office that supports small business
- (3) "government should be educating us, not regulating us"

*Jim Brady - asked him to discuss the mound system*

\*\*\* 15 minute break\*\*\*

***Doug Meeker***

Discussed 18 month timeline for construction plan. 10-15 pages long, read carefully because almost always some requirement that conflicts with the proposed plan.

What's the point of spending \$75,000 on plans, when permit tells you what to do anyway?

Committee under O'Malley - access permit study - report, recommendations ... nothing ever changed.

SMECO Local utility provider - utility design - they have a "tariff", very inconsistent from project to project. Asked for reasonable guidelines.

*Jim Soltez - access permits - asked if he could expand on conflicts with his plans - submit via web site*

***Andy Mugg - roofing contractor***

Worker classification - uses organized laborers.

Fining them on back payroll tax

Working 10-12 hour day, DLI comes in and says the additional hour is "overtime"

\$4,600 per house increase (fined \$30-\$80k)

Cut to 8 hours, need 4 more days - next company

Hispanic labor force unregulated. Illegal immigrant, obtain state license, workers comp ins.

had conversation with DLLR office. They advised to report illegal immigrant workers, but he can't because it's so tight knit.

*Jim Brady - 8 hour a state mandate, or federal?*

*A: not sure. 8 hour worker, can't call them a "day employee", shut down job site and start interviewing all the employees, MOSH doesn't have Spanish speaking inspectors, requires them to travel to Frederick*

*Jim Brady - responding to state law?*



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*A: carpentry is not independent contractor. Cannot "1099" subcontractors.  
Providing tools, direction = they're employees, not independent*

*A: costs \$160,000 per year (audit)?*

Agrees with one building code. Left the home building industry because of permitting process

**Michael Moore - engineer, ab consultants**

(1) SHA - professional services proposal - takes two years before they award a contract

*Jim Brady/Jim Soltez - asked he expand on comment*

*A: MDOT office of procurement - takes two years to approve a professional services proposal*

(2) Maryland DGS - not allowed to use experience

(3) has seen a move to establish small business set-asides for state contracts

(4) MdTA - attempted a set aside program, not well-written, problems/complaints, cancelled it. Suggested training or a central clearing house.

(5) DLLR - firm permits. No application yet, sent emails,

(6) Project. US Corps of Engineers, DNR, MDE, never got signed off b/c Glendenning directed not to issue permit. 2,500 acres in Charles County purchased for open space.

**Hans Sevane**

Pool Installation Company

Permit process (MDE) results in \$1,300-\$1,700 additional cost.

Changes in permit process -- not notified, and then failed permit inspection.

Fence (child proof)

Time clock required for every pool - costs additional for customer

Septic system required for pool installation?

**Brett Grossman - Farmer**

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- (1) DNR much better
- (2) TMDL - fined for not filing a timely report. Nutrient management regulations are good
- (3) Dept. of Agriculture - do not defund the Department. PA - state funding to form cooperatives and box trucks
- (4) Complaint: worker classification. FICA; Social Security; Federal Unemployment Ins.; DLLR - not customer focused, hostile; worker's comp (paying 4% never had a claim) -- forces employers to buy machines, pay under the table.

*Jim Soltez - isn't there a rating for worker's comp*

*A: They're at the lowest rate*

***Christine Bergmark (sp?) - Southern Maryland Agricultural Commission***

helps farms transition into new activities

Maryland Dept of Ag study - regs are amongst the top 5 obstacles

Took 3-4 years to get an Amish Dairy up and running

Suggestion: look at staffing.

DHMH - on farm food processing. DHMH declined to authorize. No enabling environment to follow regulations.

2015 - New regulations. Annual review, annual inspection.

Suggestion: let licensees know about new rules

Suggestion: streamline licensing process; no one-stop shop for guidance

Suggestion: for each license, provide step-by-step process for obtaining license

*Jim Soltez - notice to licensees, new regulation, he assumes that -- if there's a regulation - change to Amish family, tough to do -*

*A: would need to be by mail*

***Cindy Piel***

Represents Calvert Citizens for Safer Community

Health and safety needs to be a top priority

Don't extend regulations to large businesses

Large scale commercial development has created hazards to citizens (pollution)

\$3.8b Cove Point LNG Terminal - only employ 75 people. Expansion to exporting = dangerous to Marylanders

QRA - only appropriate review mechanism. Calvert County passed evacuation plan without this study.

Special tax laws to exempt Cove Point passed by Maryland legislators

Exempt from Clean Water, Clean Air regulations

Will produce 2m tons of greenhouse gasses. Same as 425,000 cars

***Darryl Brown - Charles County Economic Development Officer***

- (1) no overall, comprehensive county review of business regulations (looking at redundancy, etc.)
- (2) initiating a strategic economic development plan for the county (starts tomorrow)
  - A. Regulations that affect business efficiencies
  - B. Surveying businesses
  - C. establishing focus groups
  - D. practice of waiting for business to come to county w/ issues, wants to be more proactive

***Chris Casselinas (sp?) - St. Mary's County, Director of Economic Development***

Formerly with City of Tucson

AZ compared to MD. Most issues pushed down to locals in AZ

- (1) Critical Area rules - makes development challenging
  - A. home owner install retaining wall, forced to measure for impervious surface
- (2) PlanMaryland - limits development to 7 lots. Harms Transfer of Development Rights program.
- (3) sprinklers - adds up to \$2-\$3 per square foot for new home construction

(4) BAT

(5) Aquaculture - takes too long for MDE to issue permit

(6) Stormwater management - additional burden on farmers

(7) SDC's were allowed to review plans and determine if grading permit should be issued, now not allowed to make that decision

**Deneda** \_\_\_\_\_

15 years' experience as Business Development Manager for Calvert County

Memo from Civil Engineer she works with - issue dating back to 1997. Local program.

Advocated for Cove Point Expansion

- tax revenues will be important
- carefully considered safety, health and welfare
- process was open, transparent and legal
- LNG = most heavily regulated and scrutinized industries in the country

Suggestions:

- (1) reinstate Dept. of Commerce Business Grant Programs
- (2) continue to share leads to all counties, not just big counties
- (3) enhancement of State's EARN Grant program

**Rick Barnes - VP Land Development for St. Charles**

Transparency, Accountability, Predictability

Contract to expand sewer line, contract to do 1/2 work during day, 1/2 work during night, inspector came in and said all work needed to do work at night.

DNR - forced them to re-design ESD

Took three years - caused the deal to fall apart (solar panels)

Will submit written comments that explains all this

*Jim Soltez - inspector = SHA employee*

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*A: Contract employee*

*Jim Soltez - meeting with SHA administgrator next week*

1:28PM Adjourned.

DRAFT