

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1079 (Delegate Hutchinson, *et al.*)
 Government, Labor, and Elections

Office of Regulatory Management and State Government Authorizations

This bill establishes the Office of Regulation Management to oversee and implement a 25% reduction in regulatory requirements in the State and related activities. The requirements of the bill are in addition to the requirements of the Administrative Procedure Act for the promulgation of regulations. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures increase by *at least* \$529,400 in FY 2027 for staffing; future years reflect annualization, inflation, and ongoing operating expenses. Expenditures (all funds) further increase significantly, likely by millions of dollars over multiple years (not reflected below), to reimburse the Department of Information Technology (DoIT) for information technology development costs, but a reliable estimate is not feasible, as discussed below; reimbursable revenues increase commensurately.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	529,400	630,300	658,800	687,900	717,400
Net Effect	(\$529,400)	(\$630,300)	(\$658,800)	(\$687,900)	(\$717,400)

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

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Definitions

“Authorization” means a permit, license, certification, registration, or any other instrument that a person is required to obtain before engaging in a particular activity.

“Average processing duration” means the amount of time in the previous fiscal year that a unit takes to fully process any given application for an authorization.

“Low-volume authorization” means an authorization for which a unit receives an average of fewer than five applications per year.

Office of Regulatory Management – Established

The head of the office is the director, who is appointed by the Governor with the advice and consent of the Senate and is entitled to a salary provided in the State budget. The office must also have its staff provided for in the State budget.

By December 31, 2026, the office must develop policies and procedures for (1) the oversight and implementation of a 25% reduction in regulatory requirements; (2) the oversight and implementation of the streamlining of the regulatory and permitting approval process of all units of State government to achieve a substantial reduction in the time required for approval or rejection of permits, licenses, certifications, and registrations; and (3) the increased transparency of the State regulatory process.

Reports by Units of State Government to the Office of Regulatory Management

By December 1, 2026, each unit must submit a report to the office containing (1) specified information related to the processing of and fees for authorizations; (2) a certification that the unit has, for each authorization, assigned staff and instituted specified processes; and (3) a strategy to simplify existing authorizations, as specified.

By April 1, 2027, and quarterly thereafter, each unit must submit an update to the report describing any progress the unit has made in implementing the strategy outlined in the report. Each unit, in collaboration with DoIT, must develop and implement processes for submitting applications for authorizations online, processing payments electronically, and amending pending applications.

By July 1, 2027, and annually thereafter, each unit of State government must submit a report to the office and the Joint Committee on Administrative, Executive, and Legislative Review (AELR) listing all of the regulations that the unit anticipates amending, adopting, or repealing during the next fiscal year.

Current Law:

Adoption of Proposed Regulations – Generally

Under the Administrative Procedure Act, all proposed regulations are submitted to AELR for review at least 15 days before they are submitted to the Maryland Register for publication. Often changes are negotiated between AELR and the unit before publication. AELR is not required to give its explicit approval in order for a proposed regulation to become effective. In the usual course, the unit may adopt a proposed regulation 45 days after the regulation was published in the Maryland Register. Thirty of the 45 days must be reserved as a public comment period.

If the proposed regulation includes an increase or decrease in a fee for a license, the promulgating unit must clearly include a written explanation justifying the increase or decrease in the fee.

If AELR cannot complete its review of the proposed regulation within the 45-day period, it may delay, or “hold,” the adoption of the regulation. During this time, AELR may suggest to the unit that certain changes be made. If no agreement is reached, the unit may subsequently notify AELR of its intent to adopt the regulation despite AELR’s hold. The hold period ends on the later of the 60th day after the unit’s notice to the committee or the 105th day after the initial publication of the regulation in the Maryland Register.

At any time, AELR may formally vote to oppose the adoption of the regulation. In this case, notice of the opposition is sent to the Governor and the unit, and further negotiations ensue. The Governor may instruct the unit to withdraw or modify the regulation. However, once AELR has opposed the adoption of the regulation, it may not be adopted unless approved by the Governor.

Transparent Government Act of 2024 and the Government Efficiency Commission

Chapters 412 and 413 of 2024 required each principal department and independent unit of State government, by October 1, 2024, to (1) create a catalog containing specified information of each type of permit, license, or certificate that it issues and (2) submit the catalog to the Governor. By December 1, 2024, each principal department and independent unit was required to post on its website an interim description, to the extent practicable, of the application process for each permit, license, or certificate it issues, including specified

information; by October 1, 2025, and annually thereafter, a completed update of that information must be posted.

Chapters 412 and 413 also established the Government Efficiency Commission with the stated purpose of enhancing government efficiency and economic competitiveness by monitoring efficiency in the processing of permits, licenses, and certificates. The commission must (1) compile and index the aforementioned reports submitted to the Governor; (2) review statutory and regulatory provisions that may impact the efficiency of processing permits, licenses, and certificates; and (3) make recommendations generally regarding permit, license, and certificate efficiency and removing related barriers. Beginning December 1, 2024, and annually thereafter, the commission must submit a report on its findings and recommendations to the Governor and the General Assembly. The commission submitted its most recent annual report in [December 2025](#).

OneStop Portal

DoIT manages the OneStop Portal, a platform designed to consolidate all of the State's licensure and certification platforms into a single online platform. The goal of OneStop is to retire outdated paper-based applications and legacy databases used by many State agencies for licensing. However, not every permit, license, and certificate issued by State entities is available on OneStop. Additional information regarding the permits, licenses, and certificates available on OneStop can be viewed on its [website](#).

Administration of State-issued Permits, Licenses, and Certificates – Generally

Several principal departments and independent units of State government administer and oversee the issuance of permits, licenses, and certificates for various purposes. Permit, license, and certificate fees are generally distributed to the general fund or a special fund dedicated to the regulatory function addressed by the specific permit, license, or certificate. Examples of State agencies that issue permits, licenses, and certificates include:

- the Maryland State Department of Education oversees the licensure and certification of educators, nonpublic schools, and specified childcare providers;
- the Maryland Department of Health (MDH) issues State licenses for health care facilities and community-based programs operating in Maryland; MDH also houses 20 independent health occupational boards that oversee the licensure and certification of various health-related professions, including acupuncturists, nurses, pharmacists and pharmacies, and physicians;
- the Maryland Department of Labor oversees more than 20 professional licensing boards, commissions, and offices that issue licenses and certifications for, among others, barbers, electricians, locksmiths, cosmetologists, real estate agents, and plumbers;

- the Department of State Police (DSP) issues licenses related to firearms and professional licenses generally relating to security guards, security services, private detectives, and special police officers, among other specified law enforcement-related professions;
- the Office of the State Fire Marshal within DSP oversees the testing, licensing, and regulation of nongovernmental electrical inspectors and sprinkler contractors, in addition to other licenses and certifications relating to fire protection and prevention;
- the Maryland Department of the Environment issues several permits, licenses, and certificates, including those relating to lead paint, mining, oil and gas, refuse disposal, natural wood waste, hazardous waste, controlled hazardous substances, animal feeding operations, composting, scrap tires, sewage sludge, water quality discharge permits, water and sewerage construction, water appropriation and use, well construction, drinking water quality, wetlands and waterways, erosion and sediment control, and waterworks and waste system operators;
- the Maryland Department of Agriculture issues various permits, licenses, and registrations, including those relating to nutrient management, weights and measures, food quality assurance (such as eggs, grain dealers, and organic production and handling operations), pesticides, fertilizers, turf and seed, animal feed, pet foods, veterinarians, nurseries, apiaries, and horse stables;
- the Department of Natural Resources issues several permits and licenses, including those relating to hunting, wildlife, fishing, aquaculture, vessels and boating, endangered species, roadside trees, tree experts, off-road vehicles, and open air burning; and
- the Maryland Department of Transportation issues various permits and licenses, including those related to driving motor vehicles, hauling, car dealers, junkyard and scrap metal processing, airports, highway access, and outdoor advertising.

State Fiscal Effect: General fund expenditures increase by *at least* \$518,260 in fiscal 2027 for staffing costs for the office established by the bill and for DoIT to assist affected State entities develop and implement an online process for authorizations online, processing payments electronically, and amending pending applications.

Staff for the Office of Regulatory Management

The bill establishes the office, which must be led by a director. Therefore, general fund expenditures increase by \$529,398 in fiscal 2027, which accounts for a 90-day start-up delay if effective date is July 1, 2026. This estimate reflects the cost of hiring (1) one director to lead the office; (2) two regulatory administrators to develop the policies and procedures regarding the State's regulatory system; (3) one assistant Attorney General to provide legal advice to the office and respond to any legal challenges; and

(4) one administrative assistant to provide support to the office. It includes salaries, fringe benefits, one-time start-up costs, rent, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	\$472,556
Operating Expenses	<u>56,842</u>
Total FY 2027 State Expenditures	\$529,398

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate does not include costs related to human resources, finance, and information technology services for the new agency, which, for many small agencies, is provided on a centralized basis, with costs charged back to the agency's budget. A reliable estimate of any such charges is not feasible at this time as it depends on the level of services required by the new agency.

Department of Information Technology

DoIT advises that it requires significant staffing resources, additional software integration, and maintenance capacity to support state-wide coordination and to support affected State agencies with establishing online processes for their specific application or licensure processes. Specifically, DoIT estimates it needs approximately \$11.6 million annually beginning in fiscal 2027 to meet the bill's requirements.

The Department of Legislative Services (DLS) agrees that potential costs to automate all authorizations in the State are significant, but, in the absence of a reliable inventory of the authorizations that are already automated and how many affected State agencies require DoIT's assistance in establishing an online process, a more reliable estimate is not feasible. Nevertheless, expenditures (all funds) increase, likely significantly, for State agencies to reimburse DoIT for any related development costs, and reimbursable revenues for DoIT increase commensurately.

Other Effects

DLS can handle accepting the reports submitted to AELR with existing resources. It is also assumed that affected State agencies can submit the required reports to the office with existing budgeted resources. However, many agencies, especially those with a substantial number of authorizations, likely experience an administrative burden that may require the reassignment of agency resources away from other critical functions to comply with the bill.

Small Business Effect: Small businesses may benefit to the extent the bill results in a simplified and streamlined process for applying for State administered permits, licenses, certifications, and registrations.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Maryland Institute for Emergency Medical Services Systems; Maryland Department of Aging; Alcohol, Tobacco, and Cannabis Commission; Maryland Cannabis Administration; Office of the Attorney General; Comptroller's Office; Secretary of State; Maryland State Department of Education; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of Disabilities; Maryland Department of the Environment; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; Department of Natural Resources; Department of State Police; Maryland Department of Transportation; Ethics Commission; Maryland Insurance Administration; Maryland State Lottery and Gaming Control Agency; Military Department; Public Service Commission; Department of Legislative Services

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Analysis by: Thomas S. Elder

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