

Department of Legislative Services  
 Maryland General Assembly  
 2026 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1644 (Delegate Hill)  
 Economic Matters

Property Management Services - Licensing and Requirements

This bill requires specified property management companies to be licensed by the State Real Estate Commission (SREC) by altering the definition of "provide real estate brokerage services" to include providing property management services, for consideration, on behalf of a landlord for a residential property with at least four individual rental dwelling units. As a result, affected property management companies no longer need to be licensed by the State Collection Agency Licensing Board (SCALB). The bill also expands continuing education requirements for specified SREC licensees and authorizes SREC to impose penalties for violations of the bill’s requirements. **The bill takes effect January 1, 2027.**

Fiscal Summary

**State Effect:** Special fund expenditures for SREC increase by \$48,900 in FY 2027 for staff. Net special fund revenues for the Maryland Department of Labor (MD Labor) decrease by varying amounts each year, reflecting different renewal timelines for real estate and collection agency licenses.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(\$13,800)	(\$63,000)	(\$47,000)	(\$63,000)	(\$47,000)
SF Expenditure	\$48,900	\$80,600	\$84,500	\$88,300	\$92,200
Net Effect	(\$62,600)	(\$143,600)	(\$131,400)	(\$151,300)	(\$139,100)

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** A landlord of residential property that has at least four individual rental dwelling units may not procure or use property management services for a residential property unless the property manager is licensed by SREC as a real estate broker, an associate real estate broker, or a real estate salesperson.

### *Defined Terms*

“Provide property management services” means to (1) act with the authority of a landlord in its business, legal, financial, or other matters related to the management or maintenance of the real property of a landlord or (2) negotiate contracts or otherwise coordinate or arrange for services or for the purchase of property and goods related to the management or maintenance of the real property of a landlord.

“Provide real estate brokerage services” is expanded under this bill to include providing property management services on behalf of a landlord for a residential property that has at least four individual rental dwelling units.

### *Continuing Education*

To renew a license issued by SREC for two years, a licensee that provides property management services must complete a 2-clock hour continuing education requirement on property management.

### *Requirements and Prohibitions*

For each property managed by a licensee, the licensee must:

- provide complete and accurate information required for a residential lease or rental agreement; and
- maintain each occupied rental dwelling unit of residential property in a condition that complies with the standards established by State or local law, including by ensuring that each occupied rental dwelling unit is fit for human habitation.

A licensee must correct any violation of State or local law relating to the condition of an occupied rental dwelling unit within the period of time specified by the State or local authority or, if no period is specified, within a reasonable period of time.

A unit of State or local government must notify SREC within 30 days after determining that an occupied rental unit is not fit for human habitation or violates established standards.

The notice must include:

- the name and contact information of the owner of the rental dwelling unit;
- the address of the rental dwelling unit;
- whether the unit is part of a residential property that has four or more individual rental dwellings units, if known;
- the name and contact information of the person providing property management services for the rental dwelling unit if applicable and known;
- the basis of the determination that the occupied rental dwelling is not fit for human habitation;
- any required corrective actions; and
- any other information that is relevant.

Upon receipt of notice, SREC must determine if a licensee provided inadequate property management services and whether to impose penalties.

### *Penalties*

For a violation of the bill's property management provisions, SREC may impose a penalty of up to \$5,000 per violation and prohibit the licensee from providing property management services for up to five years. However, SREC may not deny a license or license renewal for a violation.

### **Current Law:**

#### *Defined Terms*

A "licensee" generally means a licensed real estate broker, a licensed associate real estate broker, or a licensed real estate salesperson. An "associate real estate broker" means an individual who meets the requirements for a real estate broker license but applies for and is granted an associate real estate broker license to provide real estate brokerage services on behalf of a licensed real estate broker. A "real estate salesperson" means an individual who provides real estate brokerage services while affiliated with and acting on behalf of a real estate broker.

"Providing real estate brokerage services" means:

- for consideration, selling, buying, exchanging, or leasing any real estate or collecting rent for the use of any real estate;
- for consideration, assisting another person to locate or obtain residential real estate for purchase or lease;

- engaging regularly in a business of dealing in real estate, leases, options;
- promoting the sale of real estate through listing publication;
- subdividing and selling land; or
- for consideration, serving as a consultant regarding any activity listed above.

### *Licensure Requirement*

Generally, an individual must be licensed by SREC as a real estate broker before the individual may provide real estate brokerage services in the State. Similarly, an individual must be licensed by the commission as an associate real estate broker or a real estate salesperson before the individual, while acting on behalf of a real estate broker, may provide real estate brokerage services in the State.

The fee for an initial two-year real estate brokerage license is \$211 and for a two-year license renewal is \$191, payable to the State Real Estate Commission Fund.

### *Continuing Education*

Generally, each SREC licensee must complete 15-clock hours of continuing education (CE) every two years in order to qualify for license renewal.

Every two years, a licensee must complete at least:

- a 3-clock hour course that outlines relevant changes in federal, State, and local laws and regulations;
- a 2-clock hour course that outlines federal, State, and local fair housing laws and regulations, including fair housing advertising;
- a 3-clock hour ethics course that includes a discussion of (1) the Maryland Code of Ethics; (2) fraudulent real estate practices; and (3) professionalism as it relates to the Maryland Code of Ethics, including conflict resolution and a licensee's duty to respect the public, peers, and property;
- a 3-clock hour course that includes the principles of real estate brokerage relationships and disclosures; and
- for a real estate broker and a licensee designated as a branch office manager or a team leader, a 1.5-clock hour course on the requirements of broker supervision.

### *Denials, Reprimands, Suspensions, Revocations, and Penalties*

The Maryland Real Estate Commission may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license for specified violations. However, any such disciplinary actions may only be taken after the required hearing. Instead of or in addition

to reprimanding a licensee or suspending or revoking a license, the commission may impose a penalty not exceeding \$5,000 for each violation. To determine the amount of the penalty imposed, the commission must consider the seriousness of the violation, the harm caused, the good faith of the licensee, and any history of previous violations. All penalties collected are paid into the general fund.

### *State Collection Agency Licensing Board*

“Collection agency” means a person who engages directly or indirectly in the business of:

- collecting for, or soliciting from another, a consumer claim or collecting a consumer claim the person owns, if the claim was in default when the person acquired it;
- collecting a consumer claim the person owns, as specified;
- giving, selling, attempting to give or sell to another, or using, for collection of a consumer claim, a series of forms or letters that indicates directly or indirectly that a person other than the owner is asserting a consumer claim; or
- employing the services of an individual or business to solicit or sell a collection system to be used for collection of a consumer claim.

In general, a person must be licensed by SCALB whenever the person does business as a collection agency. However, the requirement to be licensed does not apply to a licensed real estate broker or an individual acting on behalf of a real estate broker in the collection of rent or allied charges for property.

The fee for an initial one-year license or renewal of a one-year license is \$350 payable to the Nondepository Special Fund within MD Labor’s Office of Financial Regulation (OFR). OFR further advises that each SCALB licensee is subject to an annual \$400 assessment, also payable to the special fund.

### **State Fiscal Effect:**

#### *State Collection Agency Licensing Board Revenues*

OFR, which houses SCALB, estimates that 84 property management companies currently licensed by SCALB will be exempted from annual licensing fees and assessments by virtue of being licensed by SREC. Therefore, special fund revenues for MD Labor decrease by \$31,500 in fiscal 2027, which accounts for the bill’s January 1, 2027 effective date, and assumes that license expirations are staggered during the year. Annually thereafter, special fund revenues decrease by \$63,000 due to foregone licensing fees and assessments.

*State Real Estate Commission Revenues*

The same 84 property management companies no longer licensed by SCALB must instead be licensed by SREC; this analysis assumes that each company is licensed as a real estate broker. As all property management companies must be licensed beginning January 1, 2027, revenues are not prorated in the first year. Therefore, special fund revenues for SREC increase by \$17,724 in fiscal 2027. Licenses are valid for two years and renewal fees are slightly less than fees for initial licenses, so special fund revenues increase by \$16,044 in fiscal 2029 and every two years thereafter as the property management companies must renew their licenses.

*State Real Estate Commission Expenditures*

The bill requires a unit of State or local government to report to SREC when an occupied rental dwelling is not fit for human habitation or is maintained poorly and further requires SREC to investigate such claims. SREC lacks sufficient investigative staff to carry out this additional function.

Therefore, special fund expenditures increase by \$48,867 in fiscal 2027, which accounts for the bill's January 1, 2027 effective date. This estimate reflects the cost of hiring one investigator to handle increased consumer complaints and responsibilities placed on licensees regarding property management services. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salaries and Fringe Benefits	\$40,420
Other Operating Expenses	<u>8,447</u>
<b>Total FY 2027 State Expenditures</b>	<b>\$48,867</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

**Small Business Effect:** Any small businesses that engage in property management services are subject to licensing and regulation by SREC, which may have a meaningful impact on such businesses. However, they are no longer required to be licensed by SCALB, and licensing fees for SREC are less than those for SCALB, so property management companies may actually realize a modest savings. However, their employees must complete additional continuing education courses every two years.

## Additional Information

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

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - March 23, 2026  
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