

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 203 (Chair, Education, Energy, and the Environment
Committee)(By Request - Departmental - Environment)
Education, Energy, and the Environment

**Environment - Lead Paint Abatement Services - Performance Bond and Liability
Insurance**

This departmental bill authorizes regulations adopted by the Maryland Department of the Environment (MDE) to carry out the provisions of Subtitle 10 of Title 6 of the Environment Article, which governs the accreditation of lead paint abatement services, to include requirements for any person accredited by MDE to provide lead abatement services to be covered by a reasonable performance bond or reasonable liability insurance. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Overall, the bill is not anticipated to materially affect State finances. MDE can update regulations, conduct outreach to the regulated community, and enforce the bill's changes using existing budgeted resources. Special fund revenues may increase minimally from the application of existing penalty provisions to violations of the bill; the bill is not anticipated to materially affect State incarceration costs. The Maryland Insurance Administration (MIA) can review rates and policies developed under the bill with existing budgeted resources.

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

Small Business Effect: MDE has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment, as discussed below.

Analysis

Current Law:

Overview of Maryland's Lead Poisoning Prevention Program

Chapter 114 of 1994 established the Lead Poisoning Prevention Program within MDE. The program serves as the coordinating agency of statewide efforts to eliminate childhood lead poisoning. Under Title 6, Subtitle 8 of the Environment Article (Reduction of Lead Risk in Housing), MDE assures compliance with mandatory requirements for lead risk reduction in rental units built before 1978; maintains a statewide listing of registered and inspected units; and provides blood lead surveillance through a registry of test results of all children tested in Maryland. The Lead Poisoning Prevention Program also oversees case management follow-up by local health departments for children with elevated blood lead levels; certifies and enforces performance standards for inspectors and contractors working in lead hazard reduction; and performs environmental investigations for lead poisoned children. Finally, the program provides oversight for community education to parents, tenants, rental property owners, homeowners, and health care providers to enhance their role in lead poisoning prevention.

Accreditation Required to Provide Lead Paint Abatement Services

To “provide lead paint abatement services” means to engage in the risk assessment, inspection, or abatement of lead-containing substances. In general, unless a person is accredited by MDE, they may not (1) act as a contractor or supervisor of the performance of lead paint abatement services; (2) provide training to others who provide lead paint abatement services; or (3) engage in the inspection of lead-based paint hazards. Accreditation fees (which may not be imposed on State or local governments, their employees, or a nonprofit training program) range from \$125 to \$300. Those fees must be deposited in the Lead Accreditation Fund, which is used by MDE for activities that are related to processing, monitoring, and regulating the accreditation of lead paint abatement services and for program development of these activities.

MDE is required to adopt regulations to carry out the statutory provisions governing the accreditation of lead paint abatement services. The regulations may include, among other things, specified standards and procedures, including (1) initial and continuing standards and procedures for accreditation; (2) standards and procedures for renewal of accreditation; and (3) standards and procedures for modification, suspension, or revocation of accreditation. MDE's regulations that govern accreditation and training for lead paint abatement services are codified under COMAR 26.16.01.

Enforcement of the Accreditation of Lead Paint Abatement Services Subtitle

A person who violates a statutory or regulatory provision governing the accreditation of lead paint abatement services is subject to a civil penalty of up to \$25,000, with each day constituting a separate violation. In addition, a person who knowingly and willfully violates such a provision is guilty of a misdemeanor and subject to (1) a fine of up to \$20,000 for a first offense or (2) a fine of up to \$25,000 and/or imprisonment for up to two years for a second or subsequent offense. Also, a violator is subject to an administrative penalty imposed by MDE of up to \$25,000 for each violation, not exceeding \$100,000 total, with each day constituting a separate violation. Any fines or penalties collected must be deposited into the Lead Accreditation Fund.

Maryland Insurance Administration

Insurance in the State is regulated by MIA, an independent agency headed by the Insurance Commissioner, whom the Governor appoints with the advice and consent of the Senate. The administration licenses, examines, and audits insurance companies operating in the State; reviews rates and policies; collects premium and retaliatory taxes; licenses producers; investigates fraud as well as consumer complaints regarding insurance and health plan coverage; and educates the public on insurance matters.

Nearly every individual and business entity in the State (including the State itself, local governments, and small businesses) have one or more property and casualty insurance policies.

Background: MDE reports that while Maryland has robust regulations for lead hazard reduction, a critical gap remains – the lack of mandatory professional insurance for the individuals and companies performing the work. A recent MDE review indicated that a Maryland-accredited lead paint inspector was using a device that was not on the list of MDE-approved machines. That review ultimately led to an investigation by the Attorney General, charges against the individual for falsifying lead abatement certificates, and MDE invalidating 1,400 lead inspection certificates that had been issued by the individual. The invalidation of these certificates meant that any tenant-occupied rental properties had to be reinspected for lead paint hazards due to the inspector’s failure to comply with standard work practices.

According to MDE, adopting regulations that require an accredited lead paint abatement service provider to be covered by a reasonable performance bond or reasonable liability insurance ensures that if a professional’s negligence causes harm to a family or damages their property, there is a financial mechanism to cover medical expenses, relocation costs, and cleanup. In addition, it protects property owners from professional mistakes and bad actors; for example, if a lead inspector negligently fails to identify a lead hazard, a

performance bond or liability insurance would cover the financial costs of remediation, legal fees, and other damages.

Small Business Effect: In addition to the effects described in MDE's attached assessment of the bill's economic impact on small businesses, DLS notes that the bill may safeguard property owners (*i.e.*, landlords) from the financial risks associated with fraudulent or negligent lead work.

Additional Information

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

Designated Cross File: HB 252 (Chair, Environment and Transportation Committee)(By Request - Departmental - Environment) - Environment and Transportation.

Information Source(s): Maryland Department of the Environment; Maryland Department of Health; Maryland Insurance Administration; Office of the Attorney General; Maryland Association of County Health Officers; Baltimore City; Department of Legislative Services

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jg/lgc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Environment - Lead Paint Abatement Services - Performance Bond and Liability Insurance

BILL NUMBER: SB 203

PREPARED BY: Fred Banks, Program Manager, Lead Poisoning Prevention Program

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 X WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Economic Impact Analysis

The proposed bill will have a meaningful economic impact on Maryland's small businesses that provide lead abatement, risk assessment, and inspection services. This is because the bill would impose a new and mandatory cost on these businesses, affecting their operational expenses, competition, and potentially discouraging new business opportunities.

1. Cost of Providing Goods and Services

The most direct impact is the new financial burden of purchasing and maintaining insurance. While some reputable businesses may already carry this coverage, many small businesses, particularly those with limited capital, do not. The bill would require both general liability and errors and omissions (E&O) insurance.

The combined cost of these two types of insurance could be a significant annual expense for a small business. As a result, these costs would likely be passed on to consumers in the form of higher prices for lead abatement services.

2. Capital Investment, Competition, and Economic Development

The new financial requirements would affect the competitive landscape and could act as a barrier to entry for new small businesses.

- **Discouraging New Businesses:** The upfront and ongoing costs of insurance could deter individuals from starting a small lead abatement business. This could limit the pool of available professionals and potentially hinder economic development in the sector.

- **Encouraging Professionalism:** Conversely, this bill would help professionalize the industry by establishing a minimum standard for financial responsibility. This could create a more level playing field, rewarding businesses that are already compliant and financially sound. It also protects ethical businesses from being undercut by less scrupulous or uninsured competitors.

3. Effect on the Workforce

The bill could indirectly affect the workforce by potentially driving some small businesses out of the market if they cannot absorb the new costs. This could lead to a short-term reduction in the number of available professionals, which would in turn affect the availability and cost of services for property owners and the state's lead poisoning prevention efforts. However, in the long term, it could lead to a more stable and professional workforce.