

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 589
Finance

(Senator Kramer)

Economic Matters

Business Regulation - Collection Agencies and Property Managers

This bill prohibits the enforcement of the Maryland Collection Agency Licensing Act (MCALA) against property managers pending the resolution of *Christine Smith v. Bozzuto Management Company (C-15-CV-25-000340)*, including any appellate action. A “property manager” is defined as a person responsible for the management and maintenance of real property, including (1) finding tenants; (2) collecting rent, utilities, and fees; (3) paying expenses and applicable taxes; (4) maintaining utilities and systems; and (5) taking any necessary actions to manage and operate real property.

Fiscal Summary

State Effect: Special fund revenues decrease minimally (likely less than \$100,000 annually), beginning in FY 2027 and ending when the court case is resolved, although a reliable estimate is not feasible, as discussed below. Expenditures are not affected.

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

Small Business Effect: Minimal.

Analysis

Current Law:

The Maryland Collection Agency Licensing Act

MCALA requires a person to be licensed by the State Collection Agency Licensing Board in the Maryland Department of Labor (MD Labor) whenever the person does business as

a collection agency, generally defined as engaging, either directly or indirectly, in the business of (1) collecting a consumer claim; (2) collecting a consumer claim acquired when the claim was in default; (3) collecting a consumer claim using a name or other artifice that indicates that another party is attempting to collect a consumer claim; (4) using a system of forms that indicates that a person other than the owner is asserting a consumer claim; and (5) employing services to solicit a collection system to be used for collection of a consumer claim. A “consumer claim” is defined as a claim for money owed or said to be owed by a resident of the State that arises from a transaction in which a private party sought or received credit, money, property, or services.

However, the licensure requirement does not apply to (1) banks; (2) federal or State credit unions; (3) mortgage lenders; (4) persons acting under an order of court; (5) licensed real estate brokers or those acting on their behalf; (6) savings and loan associations; (7) title companies as to their escrow businesses; (8) trust companies; (9) lawyers collecting debt on behalf of a client; and (10) persons who are collecting debt on behalf of another person, as specified.

An applicant for a license must submit a completed application under oath and pay a fee set by the board. The current annual licensing fee is \$350. Statute authorizes the Commissioner of Financial Regulation (who also serves as chair of the board) to impose an additional assessment on any licensee; the Office of Financial Regulation (OFR) advises that it imposes an additional annual assessment of \$400 on each licensee. Licensing fees and assessments are paid to the Nondepository Special Fund administered by OFR.

Enforcement and Penalties

The State Collection Agency Licensing Board may:

- receive a written complaint and hold a hearing on an alleged violation by a collection agency of the Maryland Consumer Debt Collection Act;
- mediate a dispute between a consumer and a collection agency and suggest monetary compensation of the consumer in an amount agreeable to the consumer and collection agency or other appropriate resolution; and
- issue orders to cease and desist from the violation and any further similar violations or requiring the violator to take affirmative action to correct the violation.

If a violator fails to comply with a lawful order, the board may impose a penalty up to \$10,000 for each violation cited in the order, up to a total of \$25,000. To determine the amount of the penalty imposed, the board must consider the seriousness of the violation, the good faith of the licensee, and any history of previous violations, among other things.

State Revenues: The total annual licensing fee for a collection agency is \$750 per business (\$350 licensing fee and \$400 assessment). OFR does not have reliable data on the number of licensed property managers, but it estimates that approximately 100 current licensees are property management companies that are exempt from MCALA under this bill, pending resolution of the court case. Based on this estimate, special fund revenues for the Nondepository Special Fund decrease by \$56,250 in fiscal 2027 (which accounts for the bill's October 1, 2027 effective date) and by \$75,000 annually thereafter until the court case is resolved. To the extent that the number of licensed property management companies varies from this estimate, foregone revenue also varies.

MD Labor advises that affected property managers are unlikely to renew their licenses while the litigation is pending; therefore, the revenue loss is expected to persist for several years until the resolution of *Christine Smith v. Bozzuto Management Company* (which was decided in December 2025 and is under appeal).

Additional Information

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

Cross File: HB 433 (Delegates Qi and Adams) - Economic Matters.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2026
jg/mcr Third Reader - March 30, 2026
Revised - Amendment(s) - March 30, 2026

Analysis by: Toni Heo

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