

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 143

(Chair, Finance Committee)(By Request - Departmental -
Labor, Licensing and Regulation)

Finance

Economic Matters

Home Inspectors - Records - Retention Requirements

This departmental bill establishes recordkeeping requirements for home inspectors licensed by the Commission of Real Estate Appraisers and Home Inspectors. All required records must be made available to the commission upon request.

Fiscal Summary

State Effect: None. The bill does not substantively change State activities or operations.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation (DLLR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment as discussed below.

Analysis

Bill Summary: A licensed home inspector is required to retain, for five years, a copy of (1) every contract the licensee enters into; (2) each home inspection report the licensee prepares or signs; and (3) all supporting data that the licensee assembles or formulates to prepare a home inspection report.

If, within the five-year recordkeeping period, a home inspection conducted by a licensee is involved in litigation, the pertinent documents must be retained for an additional five-year period beginning on the date of the litigation's final disposition.

Current Law/Background: Home inspectors licensed by the Commission of Real Estate Appraisers and Home Inspectors are not currently subject to recordkeeping requirements. However, State law does require real estate appraisers to retain records in a manner identical to what the bill specifies for home inspectors. Likewise, Chapters 449 and 450 of 2008 established similar requirements for licensees of the State Real Estate Commission.

Individuals who violate the Maryland Real Estate Appraisers and Home Inspectors Act are subject to criminal and civil penalties based on the seriousness of the violation and other factors. Criminal penalties include fines up to \$5,000 and imprisonment for up to one year; a civil penalty of up to \$5,000 per violation may also be assessed.

As of June 2010, about 850 home inspectors were licensed by the commission.

Small Business Effect: Most home inspectors are employed by or operate a small business. A home inspection business may incur costs to store the records required by the bill if it does not currently conform to the proposed practice. The costs and potential operational burden associated with maintaining these required records is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2011
ncs/mcr

Analysis by: Michael T. Vorgetts

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Home Inspectors – Records –Retention Requirements

BILL NUMBER: SB 143

PREPARED BY: Department of Labor, Licensing, and Regulation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

☒ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

☐ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have minimal impact on small business in Maryland. Some businesses might incur a small amount of cost for filing space to accommodate the retention requirement proposed in the proposed bill.