HOUSE BILL 347

C2 3lr0083

By: Chair, Economic Matters Committee (By Request - Departmental - Labor, Licensing and Regulation)

Introduced and read first time: January 25, 2013

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 2013

CHAPTER _____

1 AN ACT concerning

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Professional Engineers - Firm Permits

3 FOR the purpose of requiring a corporation, partnership, or limited liability company 4 on or after a certain date to hold a permit issued by the State Board for 5 Professional Engineers before operating a business through which engineering 6 is practiced, with a certain exception; establishing certain qualifications, 7 application requirements, and fees for the firm permit to practice engineering; 8 establishing the scope of the engineering firm permit; providing for the renewal 9 and reinstatement of the engineering firm permit; requiring permit holders to 10 provide certain notification of certain changes or occurrences within a certain 11 period of time; authorizing the State Board for Professional Engineers to deny a 12 firm permit to an applicant, reprimand a permit holder, suspend or revoke a 13 permit, or impose a certain penalty under certain circumstances and subject to 14 certain hearing provisions; establishing certain prohibited acts; adding certain definitions; making stylistic and conforming changes; and generally relating to 15 firm permits issued by the State Board for Professional Engineers. 16

17 BY renumbering

- 18 Article Business Occupations and Professions
- 19 Section 14–402 and 14–403, respectively
- to be Section 14–4A–01 and 14–4A–02, respectively, to be under the new
- 21 subtitle "Subtitle 4A. Miscellaneous Provisions"
- 22 Annotated Code of Maryland
- 23 (2010 Replacement Volume and 2012 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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1 2 3 4 5 6	BY repealing and reenacting, with amendments, Article – Business Occupations and Professions Section 14–101; and 14–401 to be under the amended subtitle "Subtitle 4 Permits" Annotated Code of Maryland (2010 Replacement Volume and 2012 Supplement)		
7 8 9 10	BY adding to Article – Business Occupations and Professions Section 14–402 through 14–415, <u>14–411,</u> 14–501.1, and 14–502.1 Annotated Code of Maryland (2010 Replacement Volume and 2012 Supplement)		
12 13 14 15	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 14–402 and 14–403, respectively, of Article – Business Occupations and Professions of the Annotated Code of Maryland be renumbered to be Section(s) 14–4A–01 and 14–4A–02, respectively, to be under the new subtitle "Subtitle 4A. Miscellaneous Provisions".		
17 18	SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:		
19	Article - Business Occupations and Professions		
20	14–101.		
21	(a) In this title the following words have the meanings indicated.		
22 23 24	(B) "AFFILIATE" MEANS A PERSON THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS, OR IS CONTROLLED BY A PERMIT HOLDER.		
25	[(b)] (C) "Board" means the State Board for Professional Engineers.		
26 27 28	[(c)] (D) "Design coordination" means the review and coordination of services provided by individuals licensed or certified under Titles 3, 8, 9, 14, and 15 of this article.		
29 30	[(d)] (E) "License" means, unless the context requires otherwise, a license issued by the Board to practice engineering.		

the issuance and renewal of a license and the issuance of a reciprocal license.

"License fee" means, as applicable, the fee paid in connection with

1	(G) "MAN	AGIN	G AGENT" MEANS A PROFESSIONAL ENGINEER
2	DESIGNATED AS T	THE M	ANAGING AGENT BY A PERMIT HOLDER UNDER § 14–403
3	OF THIS TITLE.		
4	` '		MEANS, UNLESS THE CONTEXT REQUIRES OTHERWISE, A
5			E BOARD TO ALLOW A CORPORATION, PARTNERSHIP, OR
6			MPANY TO OPERATE A BUSINESS THROUGH WHICH ♣ <u>ONE</u>
7	OR MORE PROFES	SIONA	AL ENGINEER <u>ENGINEERS</u> MAY PRACTICE ENGINEERING.
8	[(f)] (I)	(1)	"Practice engineering" means to provide any service or
9		` /	nance of which requires education, training, and experience in
10	the application of:		
11		(i)	special knowledge of the mathematical, physical, and
12	engineering science	es; and	
13		(ii)	the principles and methods of engineering analysis and
14	design.	· /	T T T T T T T T T T T T T T T T T T T
15	(2)	In res	gard to a building or other structure, machine, equipment,
16	` '		project, or public or private utility, "practice engineering"
17	includes:		
18		(i)	consultation;
19		(ii)	design;
20		(iii)	evaluation;
21		(iv)	inspection of construction to ensure compliance with
22	specifications and o	drawin	ıgs;
23		(v)	investigation;
24		(vi)	planning; and
25		(vii)	design coordination.
26			tice engineering" does not include the exclusive and sole
27	performance of non	techni	ical management activities.
28	_ (0) _ ()		essional engineer" means, unless the context requires
29	otherwise, an engin	neer w	ho is licensed by the Board to practice engineering.

1 2 3	[(/] (/	(1) "Responsible gineering that require	O		-
4	(2)	"Responsible charge	e" includes respon	sible engineerir	ng teaching.

- (2)"Responsible charge" includes responsible engineering teaching.
- 5 Subtitle 4. [Miscellaneous Provisions] **PERMITS**.
- 6 14-401.
- 7 (a) (1) Subject to the provisions of this [section] SUBTITLE, a professional 8 engineer may practice engineering for others through:
- 9 a corporation as an officer, employee, or agent of the (i) corporation; 10
- 11 a limited liability company as a member, employee, or agent (ii) of the limited liability company; or 12
- 13 a partnership as a partner, employee, or agent of the (iii) 14 partnership.
- Subject to the provisions of this [section] SUBTITLE, a corporation, 15 limited liability company, or partnership may provide engineering services through a 16 17 ONE OR MORE professional engineer ENGINEERS.
- 18 A professional engineer who practices engineering through a corporation, (b) 19 limited liability company, or partnership under this [section] SUBTITLE shall be 20 subject to all of the provisions of this title that relate to practicing engineering.
- 21(c) A corporation, limited liability company, or partnership that 22provides engineering services under this [section] SUBTITLE is not, by its compliance 23 with this [section] SUBTITLE, relieved of any responsibility that the corporation, 24limited liability company, or partnership may have for an act or omission of its officer, 25member, partner, employee, or agent.
- 26 An individual who practices engineering through a corporation. limited liability company, or partnership is not, by reason of the individual's 2728employment or other relationship with the corporation, limited liability company, or 29 partnership, relieved of any individual PROFESSIONAL responsibility that the 30 individual may have regarding that practice.
- 14-402. 31
- (A) BEGINNING ON OCTOBER 1, 2015, EXCEPT AS PROVIDED IN 32SUBSECTION (B) OF THIS SECTION, A CORPORATION, PARTNERSHIP, OR LIMITED 33

- 1 LIABILITY COMPANY SHALL HOLD A PERMIT ISSUED BY THE BOARD BEFORE
- 2 THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY MAY
- 3 OPERATE A BUSINESS THROUGH WHICH ENGINEERING IS PRACTICED.
- 4 (B) A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY
- 5 MAY PROVIDE ENGINEERING SERVICES FOR ITSELF OR ITS AFFILIATE WITHOUT
- 6 A PERMIT ISSUED BY THE BOARD.
- 7 **14–403.**
- 8 (A) TO QUALIFY FOR A PERMIT, A CORPORATION, PARTNERSHIP, OR
- 9 LIMITED LIABILITY COMPANY SHALL MEET THE REQUIREMENTS OF THIS
- 10 **SECTION.**
- 11 (B) (1) A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
- 12 COMPANY SHALL DESIGNATE A MARYLAND PROFESSIONAL ENGINEER IN GOOD
- 13 STANDING TO BE THE MANAGING AGENT FOR THE ENTITY.
- 14 (2) THE MANAGING AGENT SHALL BE:
- 15 (I) IN A POSITION TO ACT ON BEHALF OF, AND
- 16 RESPONSIBLE FOR, OF THE CORPORATION, PARTNERSHIP, OR LIMITED
- 17 LIABILITY COMPANY IN MATTERS RELATED TO THE PRACTICE OF OR THE
- 18 OFFERING OF THE PRACTICE OF ENGINEERING; AND
- 19 (II) AN EMPLOYEE, AN OWNER, A DIRECTOR, AN OFFICER, A
- 20 MEMBER, OR A PARTNER, AS APPLICABLE, OF THE ENTITY SEEKING A PERMIT.
- 21 (C) A LICENSEE MAY NOT BE DESIGNATED AS A MANAGING AGENT FOR
- 22 MORE THAN ONE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
- 23 COMPANY THAT PROVIDES OR OFFERS TO PROVIDE ENGINEERING SERVICES,
- 24 EXCEPT IF THE OTHER ENTITY IS AN AFFILIATE OF A PERMIT HOLDER.
- 25 **14–404.**
- 26 (A) AN APPLICANT FOR A PERMIT SHALL:
- 27 (1) SUBMIT TO THE BOARD AN APPLICATION ON THE FORM THAT
- 28 THE BOARD PROVIDES; AND
- 29 (2) PAY TO THE BOARD A NONREFUNDABLE APPLICATION FEE
- 30 SET BY THE BOARD.

- 1 (B) IN ADDITION TO ANY OTHER INFORMATION REQUIRED ON AN 2 APPLICATION FORM, THE FORM SHALL REQUIRE:
- 3 (1) THE NAME AND ADDRESS OF THE MANAGING AGENT; AND
- 4 (2) A NOTARIZED STATEMENT THAT THE MANAGING AGENT IS AN
- 5 EMPLOYEE, AN OWNER, A DIRECTOR, AN OFFICER, A MEMBER, OR A PARTNER,
- 6 AS APPLICABLE, OF THE ENTITY SEEKING A PERMIT.
- 7 **14–405.**
- 8 THE BOARD SHALL ISSUE A PERMIT TO EACH APPLICANT THAT MEETS
- 9 THE REQUIREMENTS OF THIS SUBTITLE AND PAYS TO THE BOARD A PERMIT FEE
- 10 SET BY THE BOARD.
- 11 **14–406.**
- 12 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION AND WHILE A
 13 PERMIT IS IN EFFECT, THE PERMIT AUTHORIZES THE HOLDER TO:
- 14 (1) OPERATE A BUSINESS THROUGH WHICH A ONE OR MORE
- 15 PROFESSIONAL ENGINEER ENGINEERS OR AN INDIVIDUAL INDIVIDUALS
- 16 AUTHORIZED TO PRACTICE ENGINEERING UNDER § 14–303 OF THIS TITLE
- 17 PRACTICES OR OFFERS PRACTICE OR OFFER TO PRACTICE ENGINEERING; AND
- 18 (2) REPRESENT TO THE PUBLIC THAT THE BUSINESS PROVIDES
- 19 OR OFFERS TO PROVIDE THE SERVICES OF A PROFESSIONAL ENGINEER.
- 20 (B) A PERMIT AUTHORIZES THE HOLDER TO PROVIDE A SERVICE THAT
- 21 CONSTITUTES THE PRACTICE OF ENGINEERING ONLY IF THE SERVICE IS
- 22 PERFORMED BY AN INDIVIDUAL WHO IS LICENSED OR OTHERWISE AUTHORIZED
- 23 TO PRACTICE ENGINEERING UNDER THIS TITLE.
- 24 **14–407.**
- 25 (A) UNLESS A PERMIT IS RENEWED FOR A 2-YEAR TERM AS PROVIDED
- 26 IN THIS SECTION, THE PERMIT EXPIRES ON THE FIRST JUNE 30 THAT COMES:
- 27 (1) AFTER THE EFFECTIVE DATE OF THE PERMIT; AND
- 28 (2) IN AN EVEN-NUMBERED YEAR.
- 29 (B) AT LEAST 1 MONTH BEFORE A PERMIT EXPIRES, THE BOARD SHALL
- 30 MAIL TO THE PERMIT HOLDER, AT THE LAST KNOWN ADDRESS OF THE HOLDER:

1	(1) A RENEWAL APPLICATION FORM; AND
2	(2) A NOTICE THAT STATES:
3	(I) THE DATE ON WHICH THE CURRENT PERMIT EXPIRES;
4 5 6	(II) THE DATE BY WHICH THE BOARD MUST RECEIVE THE RENEWAL APPLICATION FOR THE RENEWAL TO BE ISSUED AND MAILED BEFORE THE PERMIT EXPIRES; AND
7	(III) THE AMOUNT OF THE PERMIT FEE.
8	(C) BEFORE A PERMIT EXPIRES, THE PERMIT HOLDER MAY RENEW THE PERMIT PERIODICALLY FOR AN ADDITIONAL 2-YEAR TERM IF THE HOLDER:
10	(1) OTHERWISE IS ENTITLED TO A PERMIT;
1	(2) PAYS TO THE BOARD A PERMIT FEE SET BY THE BOARD; AND
12 13	(3) SUBMITS TO THE BOARD A RENEWAL APPLICATION ON THE FORM THAT THE BOARD PROVIDES.
14 15 16	(D) THE RENEWAL APPLICATION FORM SHALL REQUIRE THE SAME INFORMATION REQUIRED ON THE ORIGINAL APPLICATION FORM UNDER § 14–404(B) OF THIS SUBTITLE.
17 18	(E) THE BOARD SHALL RENEW THE PERMIT OF EACH PERMIT HOLDER THAT MEETS THE REQUIREMENTS OF THIS SECTION.
19 20	(F) THE SECRETARY MAY DETERMINE THAT PERMITS ISSUED UNDER THIS SUBTITLE SHALL EXPIRE ON A STAGGERED BASIS.
21	14–408.
22 23 24	WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THE CHANGE OR OCCURRENCE, A PERMIT HOLDER SHALL NOTIFY THE BOARD IN WRITING IF THERE HAS BEEN A CHANGE IN:
25	(1) THE IDENTITY OF THE MANAGING AGENT; OR
26 27	(2) THE NAME OF THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY.

14-409.

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1	(A) SUBJECT TO THE HEARING PROVISIONS OF § 14-410 OF THIS
2	SUBTITLE, THE BOARD, ON THE AFFIRMATIVE VOTE OF A MAJORITY OF ITS
3	MEMBERS THEN SERVING, MAY DENY A PERMIT TO ANY APPLICANT, REPRIMAND
4	A PERMIT HOLDER, OR SUSPEND OR REVOKE A PERMIT IMPOSE A PENALTY NOT
5	FYCEFDING \$5,000 FOR FACH VIOLATION IF:

- 6 (1) THE APPLICANT OR PERMIT HOLDER FRAUDULENTLY OR 7 DECEPTIVELY OBTAINS OR ATTEMPTS TO OBTAIN A PERMIT;
- 8 (2) THE PERMIT HOLDER FRAUDULENTLY OR DECEPTIVELY USES 9 A PERMIT; OR
- 10 (3) THE APPLICANT OR PERMIT HOLDER FAILS TO MEET OR
 11 CONTINUE TO MEET THE QUALIFICATIONS OR REQUIREMENTS SET FORTH IN
 12 THIS SUBTITLE.
- 13 **(B)** (1) INSTEAD OF OR IN ADDITION TO REPRIMANDING THE PERMIT
 14 HOLDER OR SUSPENDING OR REVOKING A PERMIT UNDER SUBSECTION (A) OF
 15 THIS SECTION, THE BOARD MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000
 16 FOR EACH VIOLATION.
- 17 (2) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED 18 UNDER THIS SUBSECTION SECTION, THE BOARD SHALL CONSIDER:
- 24 (C) THE BOARD SHALL PAY ANY PENALTY COLLECTED UNDER 25 SUBSECTION (B) OF THIS SECTION INTO THE GENERAL FUND OF THE STATE.
- 26 **14–410.**
- (A) EXCEPT AS OTHERWISE PROVIDED IN § 10-226 OF THE STATE GOVERNMENT ARTICLE, BEFORE THE BOARD TAKES ANY FINAL ACTION UNDER § 14-409 OF THIS SUBTITLE, IT SHALL GIVE THE PERSON AGAINST WHOM THE ACTION IS CONTEMPLATED AN OPPORTUNITY FOR A HEARING BEFORE THE BOARD.

- 1 (B) THE BOARD SHALL GIVE NOTICE AND HOLD THE HEARING IN 2 ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT 3 ARTICLE.
- 4 (C) AT LEAST 30 DAYS BEFORE THE HEARING, THE HEARING NOTICE 5 AND A COPY OF THE COMPLAINT SHALL BE:
- 6 (1) SERVED PERSONALLY ON THE APPLICANT OR ON THE 7 MANAGING AGENT OF THE ENTITY HOLDING THE PERMIT; OR
- 8 (2) MAILED TO THE LAST KNOWN BUSINESS ADDRESS OF THE 9 APPLICANT OR THE ENTITY HOLDING THE PERMIT.
- 10 (D) IF, AFTER DUE NOTICE, THE PERSON AGAINST WHOM THE ACTION IS
 11 CONTEMPLATED FAILS OR REFUSES TO APPEAR, THE BOARD MAY HEAR AND
 12 DETERMINE THE MATTER.
- 13 **14–411.**
- (A) (1) FOR THE LIMITED PURPOSE SET FORTH IN PARAGRAPH (2) OF
 THIS SUBSECTION, A PERMIT SHALL REMAIN IN EFFECT AND DOES NOT EXPIRE
 BY OPERATION OF LAW WHILE THE PERMIT HOLDER IS UNDER INVESTIGATION
 BY THE BOARD OR AWAITING A HEARING OR DISPOSITION ON CHARGES
 SUBJECT TO DISCIPLINARY ACTION UNDER THIS SUBTITLE.
- (2) AN EXTENSION OF A PERMIT TERM UNDER THIS SUBSECTION
 IS EFFECTIVE ONLY FOR THE PURPOSE OF RETAINING THE JURISDICTION OF
 THE BOARD OVER THE PERMIT HOLDER DURING THE COURSE OF DISCIPLINARY
 PROCEEDINGS AND DOES NOT PREVENT THE PERMIT FROM EXPIRING FOR ANY
 OTHER PURPOSE.
- 24 (B) UNLESS THE BOARD AGREES TO ACCEPT THE SURRENDER, A
 25 PERMIT HOLDER MAY NOT SURRENDER A PERMIT WHILE THE HOLDER IS UNDER
 26 INVESTIGATION OR AWAITING A HEARING OR DISPOSITION ON CHARGES
 27 SUBJECT TO DISCIPLINARY ACTION UNDER THIS SUBTITLE.
- 28 14-412.
- A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY WHOSE

 30 PERMIT HAS BEEN SUSPENDED OR REVOKED UNDER § 14-409 OF THIS

 31 SUBTITLE MAY NOT OFFER OR PROVIDE ENGINEERING SERVICES UNTIL THE

 32 SUSPENSION IS LIFTED OR THE PERMIT IS REINSTATED.

1	14-413.
2	(A) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE BOARD MAY
J	NEINSIMIE
4	(1) A PERMIT THAT HAS BEEN REVOKED; OR
5	(2) BEFORE FULFILLMENT OF THE CONDITIONS OF THE
6	SUSPENSION, A PERMIT THAT HAS BEEN SUSPENDED.
7	(B) A PERMIT MAY BE REINSTATED UNDER THIS SECTION ONLY IF:
8	(1) THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
9	COMPANY WHOSE PERMIT HAS BEEN REVOKED OR SUSPENDED SUBMITS A
10	WRITTEN REQUEST TO THE BOARD; AND
11	(2) THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
12	COMPANY PAYS TO THE BOARD A REINSTATEMENT FEE SET BY THE BOARD.
13	(C) THE BOARD, BY AN AFFIRMATIVE VOTE OF A MAJORITY OF ITS
14	MEMBERS THEN SERVING, SHALL VOTE ON THE REQUEST FOR REINSTATEMENT
15	OR LIFTING OF THE SUSPENSION WITHIN 60 DAYS AFTER RECEIPT OF THE
16	REQUEST.
17	14-414.
18	THE BOARD MAY REINSTATE THE PERMIT OF A CORPORATION
19	PARTNERSHIP, OR LIMITED LIABILITY COMPANY THAT HAS FAILED TO RENEW
20	THE PERMIT FOR ANY REASON IF THE CORPORATION, PARTNERSHIP, OF
21	LIMITED LIABILITY COMPANY:
22	(1) OTHERWISE IS ENTITLED TO A PERMIT; AND
23	(2) PAYS TO THE BOARD A REINSTATEMENT FEE SET BY THE
24	BOARD.
25	14-415.
26	AFTER THE BOARD REINSTATES A PERMIT, THE PERMIT HOLDER SHALI
27	CONTINUE TO COMPLY WITH ALL APPLICABLE REQUIREMENTS SET FORTH IN
28	THIS SUBTITLE.
29	14-501.1.

1 2 3 4	EXCEPT FOR A PROFESSIONAL ENGINEER WHO OPERATES A BUSINESS AS A SOLE PRACTITIONER, A PERSON MAY NOT OPERATE A BUSINESS THROUGH WHICH ENGINEERING SERVICES ARE PERFORMED OR OFFERED TO BE PERFORMED UNLESS:
5 6	(1) THE BUSINESS IS A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY; AND
7 8	(2) THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY HOLDS A PERMIT ISSUED BY THE BOARD.
9	14-502.1.
10 11 12 13 14 15 16 17 18 19 20 21 22 23	(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION AND UNLESS A PERSON HOLDS A PERMIT ISSUED BY THE BOARD, THE PERSON MAY NOT REPRESENT TO THE PUBLIC, BY THE USE OF A TITLE, INCLUDING "LICENSED PROFESSIONAL ENGINEERS", "PROFESSIONAL ENGINEERS", OR "REGISTERED ENGINEERS", BY THE USE OF THE TERM "PROFESSIONAL ENGINEERING" OR "ENGINEERING", BY DESCRIPTION OF SERVICES, METHODS, OR PROCEDURES, OR OTHERWISE, THAT THE PERSON HOLDS A PERMIT OR OTHERWISE IS AUTHORIZED TO OPERATE A BUSINESS THROUGH WHICH ENGINEERING IS PRACTICED IN THE STATE. (B) SUBSECTION (A) OF THIS SECTION DOES NOT APPLY TO A PROFESSIONAL ENGINEER WHO OPERATES THE BUSINESS AS A SOLE PRACTITIONER. SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2013.
	Approved:
	Governor.
	Speaker of the House of Delegates.

President of the Senate.