

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 33

(Senator McCray)

Finance

Environment and Transportation

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**Baltimore City - Home Inspectors - Residential Rental Inspections**

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This bill prohibits a licensed home inspector from making a certification regarding the presence or identification of pests as part of an inspection of a rental dwelling in Baltimore City, unless the inspector is certified as a pest control consultant, pest control applicator, or public agency applicator by the Maryland Department of Agriculture (MDA). Similarly, a licensed home inspector may not make a certification relating to a rental dwelling's electrical system unless the inspector has completed a minimum of eight hours of training in electrical systems certified by the Baltimore City Housing Commissioner. Existing civil penalties of up to \$5,000 per violation apply to both provisions, but existing criminal penalties do not apply.

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**Fiscal Summary**

**State Effect:** Special fund revenues for MDA may increase minimally to the extent that the bill results in the issuance of more pest control-related licenses/certifications, as discussed below. The expansion of existing civil penalties is not expected to have a material effect on general fund revenues.

**Local Effect:** Baltimore City finances may be affected, as discussed below.

**Small Business Effect:** Potential meaningful.

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## Analysis

### **Current Law/Background:**

#### *Home Inspectors*

Generally, an individual must be licensed by the Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors as a home inspector before the individual may provide home inspection services in the State. Home inspectors must follow standards of practice detailed in regulation.

An applicant for an initial home inspector license must complete a minimum of 72 hours of an approved onsite training course, have a high school diploma or its equivalent, and have at least \$150,000 of general liability insurance. Each two-year license renewal also requires at least 30 hours of continuing professional competency.

#### *Pest Control-related Licenses and Certificates*

Generally, an individual must have an appropriate certification, and a business must have an appropriate license, from MDA in order to engage in the activities covered under Maryland's pesticide applicator's law. There are several certification and license categories, subject to specified requirements. Fee revenues accrue to the Pesticide Fund in MDA, although any unexpended funds revert to the general fund at the end of the fiscal year.

#### *Business Licenses*

Licensing fees for pest control-related business licenses are \$150 annually; a pesticide business license requires liability insurance, but a pest control consultant license does not.

#### *Individual Certifications*

Each pest control consultant, pest control applicator, or public agency applicator must obtain a certificate indicating competence in one or more established categories from MDA. Each applicant must be age 18 or older, demonstrate proof of practical and scientific knowledge of pest control, pass an examination given by MDA, and have one of the following:

- one year of experience acceptable to MDA as a full-time registered employee engaged in those categories in which the applicant seeks to be certified;
- a degree or academic certificate acceptable to MDA; or
- a combination of education and experience acceptable to MDA.

The individual must also pay an annual \$75 certificate fee plus \$25 for each category in excess of one in which the individual is certified. A certificate must be renewed annually, which requires demonstrating satisfactory knowledge of pesticide use by either attending a training course approved by MDA or reexamination.

### *Baltimore City Rental Dwelling Inspections*

A 2018 ordinance passed by Baltimore City requires that rental properties be inspected by a licensed State home inspector prior to the issuance of an initial or renewal rental dwelling license, subject to specified conditions. The inspection is an evaluation of a rental dwelling's compliance with specified health and safety standards. Part of the evaluation includes whether or not the exterior is free of rodent burrows and whether or not the interior appears to be free of signs of infestation by rodents, insects, or pests. The city advises that these topics are not part of the pass/fail portion of the evaluation, but instead generate a referral to the Code Enforcement Division in the Baltimore City Department of Housing and Community Development and, thus, they may not be "certifications" under the bill.

The evaluation checklist also includes a statement that the inspection shall not be construed as a "pest control consultation" as defined in State law.

**State Fiscal Effect:** The effect on State finances depends on whether Baltimore City chooses to keep pest-related topics on its rental dwelling compliance evaluation, and whether an assessment of those topics requires home inspectors to be certified by MDA under current State law.

The bill does not require additional individuals to be certified by MDA, and thus has no effect, if:

- Baltimore City removes the pest-related topics from its rental dwelling compliance evaluation;
- the pest-related topics on the rental dwelling compliance evaluation are not considered "certifications" for purposes of the bill; or
- home inspectors are otherwise required to obtain a pest-related certification under *current* State law.

There is one scenario under which State special fund revenues may increase. If the city continues to require pest-related certifications by the inspectors, and MDA determines that the pest-related certifications do not otherwise require certification by MDA under State law, then the bill (but not current law) requires the inspectors to be certified before making the certifications. Under this scenario, special fund revenues for MDA increase minimally beginning in fiscal 2020 from additional pest control-related licenses/certificates. The amount cannot be reliably estimated at this time, but is expected to be minimal. Special

fund expenditures increase correspondingly for minimal additional administrative costs and/or general fund reversions.

General fund revenues are not materially affected, as the expansion of existing civil penalties is expected to apply to only a limited number of cases.

**Local Expenditures:** Baltimore City finances are affected only to the extent that the city chooses to continue requiring certifications of rental dwelling electrical systems. If it elects to do so, it must certify training programs for its inspectors, which could require additional resources to review and approve training programs. The city advises that it intends to remove any “electrical systems” from the rental dwelling evaluation instead of certifying training programs. Under this scenario, local finances and operations are not affected.

**Small Business Effect:** Many home inspection businesses are small businesses, and potentially sole proprietorships. The bill potentially requires some of these businesses to obtain pest control-related licenses and their employees to obtain pest control-related certificates and/or electrical systems training in order to provide rental dwelling inspection services in Baltimore City.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture; Department of Labor, Licensing, and Regulation; Baltimore City; Department of Legislative Services

**Fiscal Note History:** First Reader - January 17, 2019  
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