

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 251

(Chair, Finance Committee)(By Request - Departmental -  
Labor)

Finance

Economic Matters

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**Commissioner of Financial Regulation - Licensing of Nondepository Institutions -  
Elimination of Paper License Requirements**

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This departmental bill eliminates the requirement that certain nondepository financial institutions (collection agencies, credit services businesses, lenders, installment lenders, mortgage lenders, mortgage loan originators, sales finance companies, check cashing services, money transmission businesses, and debt management services businesses) obtain a paper license with the Office of the Commissioner of Financial Regulation (OCFR). Instead, affected licensees will obtain a single electronic license issued by the Nationwide Multistate Licensing System (NMLS). The bill also makes numerous conforming changes related to consumer notification requirements, surrendering of licenses, and other requirements.

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**Fiscal Summary**

**State Effect:** Although OCFR realizes administrative efficiencies, the bill is not anticipated to materially affect State finances or operations. Any reduction in staff time related to the issuance of paper licenses by OCFR likely results in the reassignment of staff to other regulatory priorities.

**Local Effect:** None.

**Small Business Effect:** The Maryland Department of Labor has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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## Analysis

**Current Law/Background:** Currently, nondepository licensees must apply for a license through NMLS and then obtain a paper license from OCFR. As a result, licensees have a unique NMLS-issued identification number *and* a separate OCFR-issued license number.

OCFR advises that it is shifting away from the use of legacy computer systems toward reliance on NMLS and related multistate systems. The bill is intended to modernize licensing requirements for certain licensees by eliminating the paper license requirement, which several other states have done.

Accordingly, under the bill, OCFR will rely upon NMLS credentials that are assigned to licensees in lieu of a paper license. In addition, a licensee's NMLS number will serve as their only license number (and no paper license will be issued). Licensees will be required to list their NMLS identification number and the NMLS consumer access location in all advertisements and all signage used in consumer-accessible areas.

OCFR advises the change is meant to leverage Maryland's use of NMLS so that consumers seeking information about licensees can utilize NMLS for certain disclosures, licensing status, and other relevant licensing information. For example, under the bill, consumers would be able to verify and/or validate the status of a license electronically through NMLS, rather than relying upon a paper license issued by OCFR. OCFR advises that use of NMLS is an efficient, accurate, and effective method of disseminating such information.

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### Additional Information

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - January 18, 2021  
rh/mcr Third Reader - February 18, 2021

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## **ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL:** Commissioner of Financial Regulation - Licensing of Nondepository Institutions - Elimination of Paper License Requirements

**BILL NUMBER:** SB251

**PREPARED BY:** Joe Cunningham, Director of Legislative Response & Special Projects

### **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**

This proposal will have a positive impact on the business community by replacing the administrative burden on nondepository institutions of obtaining and maintaining paper licenses with the ability for those institutions to utilize the credentials already assigned to them electronically by the NMLS.