



**LEGISLATIVE  
HANDBOOK SERIES**

**VOLUME  
VII**  


**BUSINESS REGULATION IN MARYLAND**

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# **Business Regulation in Maryland**

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Volume VII  
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## Foreword

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The State of Maryland has almost 110,000 firms that employ approximately 2.1 million workers. Approximately 490,000 additional workers are employed by federal, State, and local governments. With some of these firms having more than one establishment (a physical location), there are almost 135,000 business establishments in the State. Maryland's location near the nation's capital and in the center of the Boston-to-Atlanta corridor makes the State an excellent market for goods and services.

This handbook describes the regulation of business in Maryland and provides information that may be helpful for businesses, such as labor requirements, tax structure, and contacts within the State government. The handbook covers regulations that are common to all businesses (*e.g.*, occupational safety) as well as those that are unique to the various industry groups operating in the State.

This handbook is based in large measure on materials prepared by various State departments and agencies. Their assistance is greatly appreciated.

This is the seventh of nine volumes of the 2014 Legislative Handbook Series prepared prior to the start of the General Assembly term by the staff of the Office of Policy Analysis, Department of Legislative Services. The material for this volume was researched and written by Laura Atas, Guy Cherry, Richard Duncan, Cristen Flynn, Andrew Gray, Sally Guy, Kathleen Kennedy, Andrew Lantner, Crystal Lemieux, Judith Markoya, Jordan More, Marie Razulis, Stephen Ross, Robert Smith, David Smulski, Jody Sprinkle, Patrick Tracy, Theresa Tuszynski, and Laura Vykol under the general direction of Tami Burt and Linda Stahr. Theresa Silkworth prepared the manuscript and Jennifer Botts, Jennifer Chasse, Ryane Necessary, Doug Nestor, Shirleen Pilgrim, Claire Rossmark, and Robert Smith assisted with editing.

The Department of Legislative Services trusts that this volume will be of use to all persons interested in this aspect of the Maryland State Government. The department welcomes comments or suggestions to improve future editions.

Karl S. Aro  
Executive Director  
Department of Legislative Services  
Maryland General Assembly

Annapolis, Maryland  
September 2014



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# Introduction

## The Economic Climate in Maryland

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### Overview

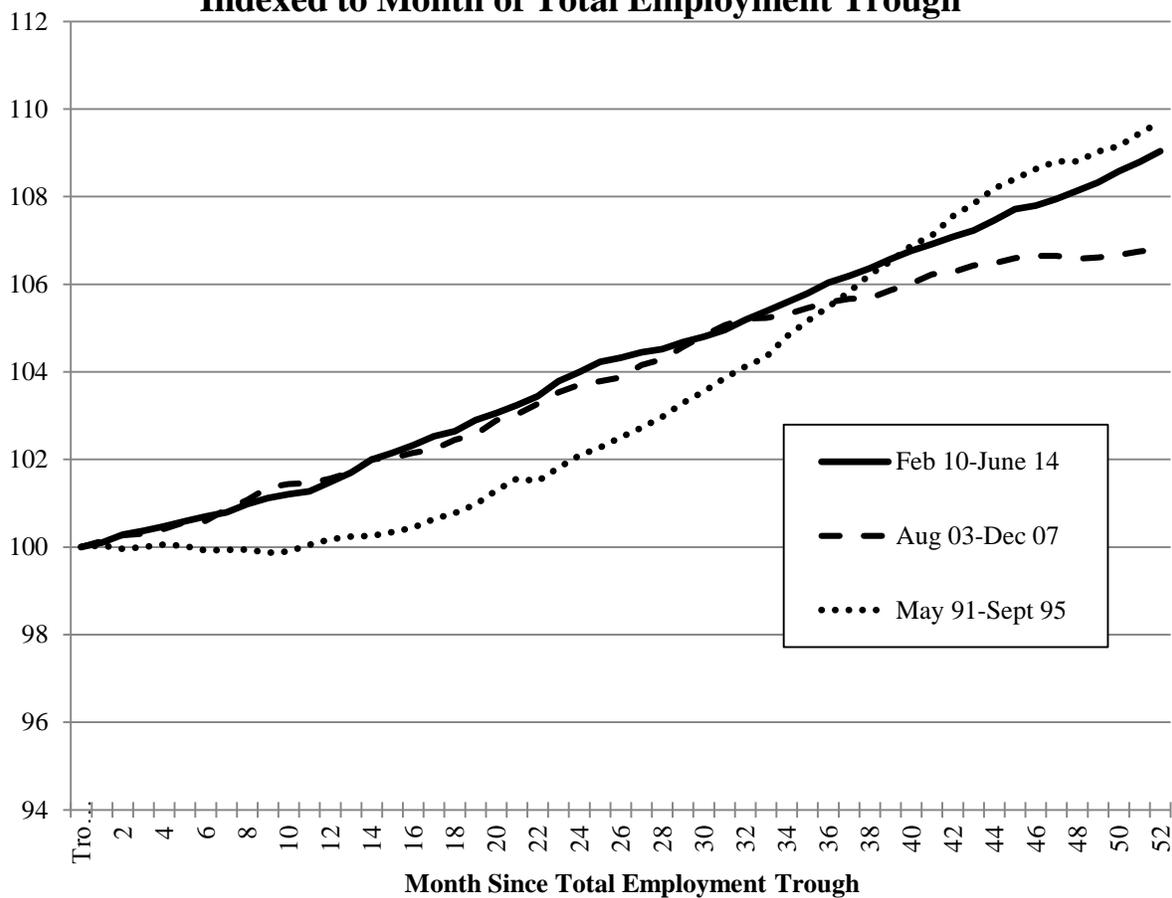
The U.S. and Maryland economic climate continue to be shaped by the Great Recession. The U.S. economic recession that began in December 2007 officially ended in June 2009. Lasting 18 months, the recession was the longest and deepest of the post-World War II period. Dubbed the “Great Recession,” U.S. employment fell 6.3% between the peak in January 2008 and the trough in February 2010, a loss of 8.7 million jobs. These significant job losses had a sharp impact on income. Total personal income fell 2.8% in 2009, the first annual decline in nominal income since 1949. Nominal wage and salary income dropped 4.3%, the first decline since 1954 and the largest since 1938. Household debt as a share of disposable income had risen sharply during the early to mid 2000s reaching 130% by late 2007 compared to 90% at the start of the decade. This overhang of debt, plus the loss of housing wealth from the collapsing house price bubble and the lack of income growth hit consumers especially hard. As a result, consumers cut back sharply and consumer spending, adjusted for inflation, fell in both 2008 and 2009. This was the first decline in consumer spending since 1980 and the first back-to-back declines in consumer spending since the 1940s.

Growth since the economy bottomed out in the summer of 2009 has been slow and tentative. Inflation-adjusted gross domestic product (GDP) peaked in the fourth quarter of 2007 and hit bottom in the second quarter of 2009 for a total peak-to-trough decline of 4.3%. Since then, GDP has grown about 2.3% per year. U.S. personal income has grown at an average annual rate of 4.0% from 2009 to 2013. However per capita personal income adjusted for inflation in 2013 was still slightly below the pre-recession level in 2007. Households have worked to reduce debt and by 2013 household debt as a share of disposable income had fallen to 105%. Real consumer spending rose about 2.2% per year from 2009 to 2013.

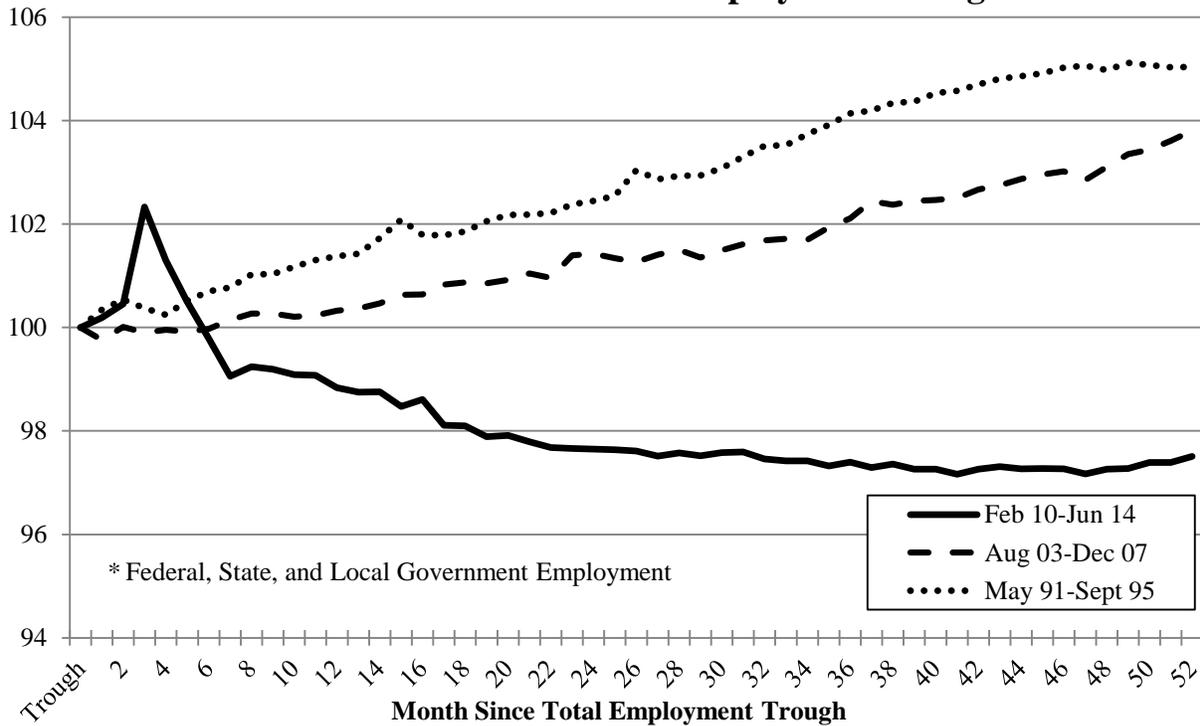
The weakness of the recovery is particularly evident in the labor market. The U.S. economy finally reached the milestone of recovering the jobs lost during the recession in May 2014, over six years (76 months) after the recession began. By contrast, it took 48 months to reach a new employment peak after the early 2000s recession and 32 months after the recession of the early 1990s. The current period has actually seen very similar growth in private-sector employment as in the past, although from a much deeper hole.

Exhibit I.1 shows the growth in U.S. private-sector employment since total employment bottomed out (known as the “trough”) for the last three recessionary periods. As of June 2014, private-sector employment had increased by 9.7 million jobs since bottoming out and stands almost 900,000 jobs above the previous peak in February 2008. The real divergence comes on the U.S. public-sector side (Exhibit I.2).

**Exhibit I.1**  
**U.S. Private-sector Employment**  
**Indexed to Month of Total Employment Trough**



**Exhibit I.2**  
**U.S. Public-sector Employment\***  
**Indexed to Month of Total Employment Trough**



After an initial jump due in part to temporary hiring for the 2010 census, federal, state, and local government employment began falling and has only just recently bottomed out. This is in sharp contrast to the last two recessions when public-sector employment continued to grow. As of June 2014, public employment was still 480,000 jobs below where it was in February 2010.

While the recession in Maryland was less severe than for the nation as a whole, it is still the worst economic contraction the State has experienced since the recession of the early 1990s. Employment in Maryland peaked in February 2008 and fell over the next two years by a total of 5.7% or around 148,000 jobs. Since the point of comparison here is February 2010, a month that included two significant snowstorms, the drop in employment is somewhat overstated. The total decline as of March 2010 was 4.4% or almost 115,600 jobs. By either measure, the decline in employment is on par with the experience in the early 1990s recession which saw a total peak-to-trough decline of 5.0%.

It took 74 months, until April 2014, for the Maryland economy to reach an employment level above the previous peak in February 2008. By contrast it took 66 months

in the aftermath of the early 1990s recession to exceed the previous employment peak. In Maryland, private-sector employment remains almost 17,000 jobs shy of its peak level. Thanks in part to the Defense Department's Base Realignment and Closure (BRAC) process, public-sector employment has grown in Maryland. As of June 2014, federal employment in the State was 16,100 jobs above the level when the recession began. However, the number of federal jobs in the State has fallen by 5,700 since peaking in October 2011. State and local government employment in Maryland peaked at 364,500 jobs in August 2008 and fell 2.5% or around 9,000 jobs by July 2012 before beginning to recover.

The sharp drop in employment and slow recovery had a significant impact on income growth. Nominal personal income in Maryland fell 0.3% in 2009 the only decline in the post-World War II period (see Exhibit I.3). Nominal wage and salary income fell 0.8% in 2009, the first decline since 1954.

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**Exhibit I.3**  
**Maryland Economic Growth 2009-2013**  
**Year-over-year Percentage Change**  
**Calendar 2009-2014**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014-Q1</u>	<u>2014- Jan-Jun</u>
Employment	-2.9%	-0.2%	1.0%	1.2%	0.9%	0.5%	0.7%
Personal Income	-0.3%	2.7%	5.6%	3.5%	1.4%	1.9%	N/A
Wage and Salary Income	-0.8%	2.2%	3.7%	3.3%	1.3%	0.9%	N/A

Source: Employment data from the Bureau of Labor Statistics, U.S. Department of Labor; personal income data from the Bureau of Economic Analysis, U.S. Department of Commerce

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The federal budget reductions of recent years along with the government shutdown in the fall of 2013 have had a significant impact on the Maryland economy. Employment increased by less than 1% in 2013 and wage growth slowed from 3.3% in 2012 to just 1.3% in 2013. Adjusted for inflation, wage and salary income in 2013 fell 0.2%, the first decline since 2009. Wage and salary income per worker adjusted for inflation fell in each of the past three years, 2011 to 2013. The data available so far for 2014 shows no improvement over the performance in 2013. Employment in the first six months of 2014 is up just 0.7% a full percentage point slower than the national economy. In the first quarter of 2014, Maryland personal income grew just 1.9% and wage and salary income was up less than 1.0%.

## **Employment**

The Maryland nonagricultural labor market in 2013 included approximately 2.6 million jobs. Exhibit I.4 depicts the percentage of total employment in Maryland by industry sector in 2013. Exhibit I.5 shows the average annual workforce growth rates in Maryland by industry sector during the recession (2007 to 2010), the recovery (2010 to 2013), and the year-to-date growth in 2014 relative to the same period in 2013.

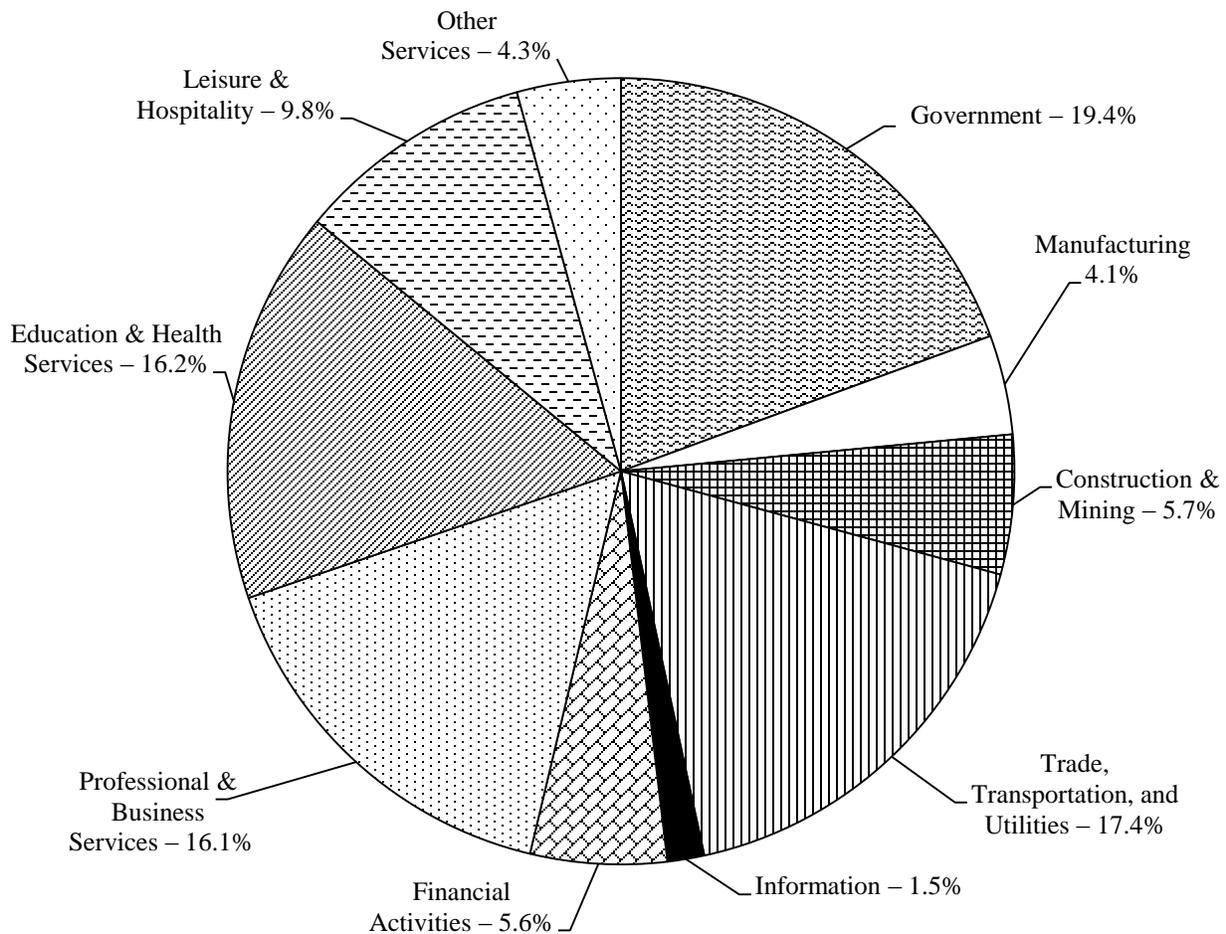
With the State's proximity to Washington, DC, government accounts for a larger percentage of total employment than it does in other states (19.4% versus 16.0% nationally). The combination of the sharp drop in private-sector employment during the recession along with the increase in federal jobs due to BRAC resulted in the government share of total employment in Maryland increasing from around 18% prior to the recession to almost 20% by 2010 although this is boosted somewhat by temporary hiring for the decennial census. The government share has fallen since then and stood at 19.4% in 2013 as the private sector began adding jobs and government employment fell slightly.

While federal employment attracts a lot of attention, half of all government jobs, including public school teachers, in Maryland are with local governments. Local government employment peaked in 2008 at around 251,200 jobs and fell for the next four years. In 2012, there were approximately 246,000 local government jobs in Maryland, a decline of 5,200 from the peak or 2.1%. Local employment increased slightly in 2013 and during the first half of 2014 local jobs are up almost 2.0% over the prior year. State government employment totaled 108,000 in 2007 as the recession began and increased by about 5,000 jobs by 2010. Employment fell from 2010 to 2013 by 1.2% or almost 1,400 jobs. State government employment fell slightly in the first six months of 2014. Federal government employment in the State increased strongly from 2007 to 2010, up by 12.0% or almost 15,000 jobs. Some of the increase reflects the temporary hiring for the decennial census in 2010 but it also reflects growth due to the BRAC process which was completed in 2011. From 2010 to 2013, federal employment in Maryland grew by about 4,700 jobs although the level of employment fell in 2013 relative to 2012 by a little over 1,700 jobs. In the first half of 2014, federal employment dropped 2.2% from the same period in 2013 or about 3,200 jobs. Federal employment in Maryland has fallen on a year-over-year basis for 18 consecutive months.

The manufacturing sector has been in a long period of declining employment in Maryland. In 1990, there were almost 200,000 manufacturing jobs in the State, representing 9.1% of all jobs. By 2007, manufacturing employment had fallen to 132,000 or 5.1% of total jobs. As often happens during recessions, manufacturing was one of the hardest hit industries. From 2007 to 2010, Maryland lost about

17,800 manufacturing jobs, a decline of 13.4%. Although total employment has increased since 2010, manufacturing continues its long-term decline. Manufacturing employment in 2013 was 106,100 or about 4.1% of all jobs. In the first six months of 2014, manufacturing employment was down 3.2% or 3,400 jobs from the same period in 2013.

**Exhibit I.4**  
**Maryland Nonagricultural Employment by Industry Sector**  
**Percentage of Total**  
**Calendar 2013**



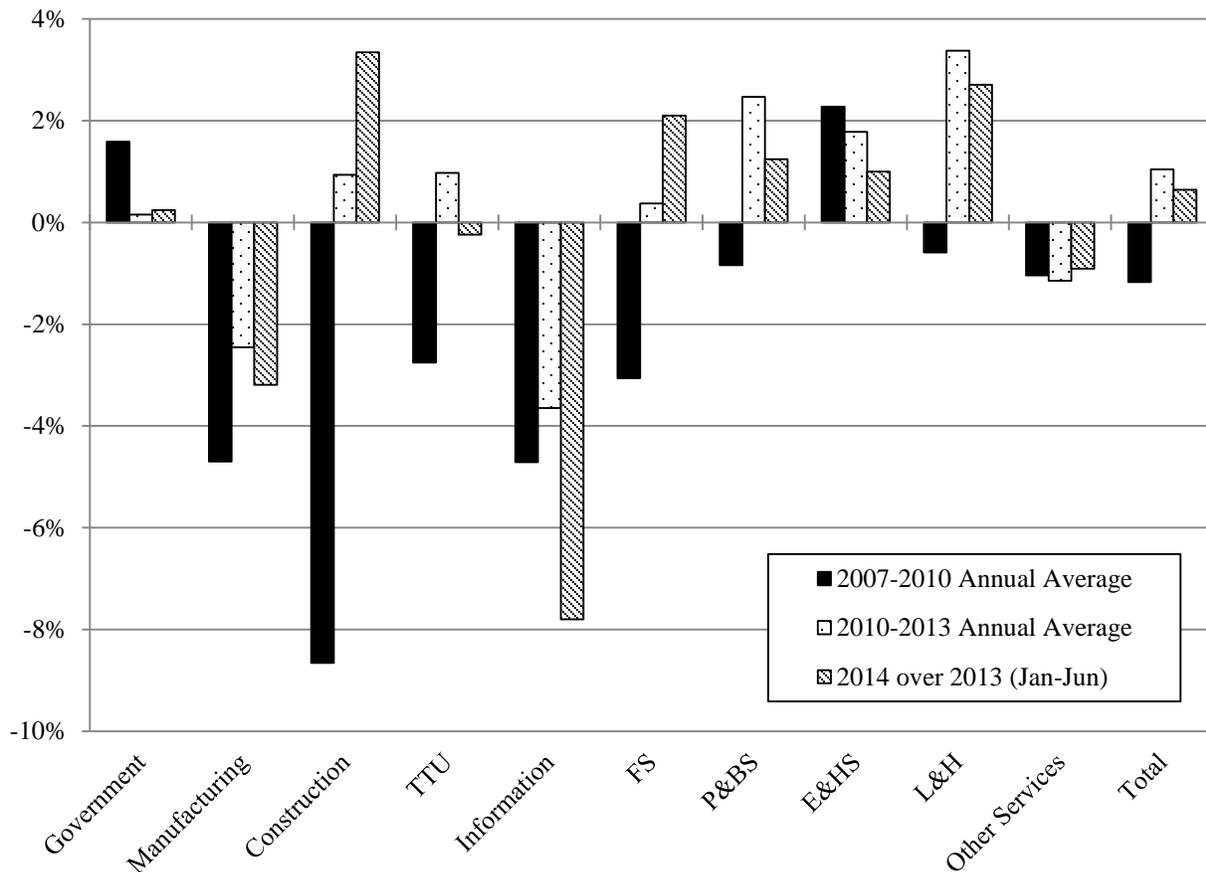
Source: Bureau of Labor Statistics, U.S. Department of Labor

Construction, like manufacturing, is often a sector hard hit by recessions. The housing boom in the first half of the 2000s pushed construction employment to 7.4% of total employment in 2006, its highest share since 1990. By 2010, construction employment

had dropped by almost 46,000 or 24.1%. The construction sector has posted only modest employment growth in recent years and as of 2013 accounted for 5.7% of all jobs. The first half of 2014 has seen some acceleration with about 4,800 more construction jobs than in 2013, an increase of 3.3%.

The trade, transportation, and utilities sector is the largest in Maryland's private economy, accounting for almost 17.4% of total employment in 2013 (451,000 jobs) and 21.6% of private-sector jobs. This sector consists of retail and wholesale establishments, utilities, and transportation including couriers and warehousing. Within the category, the biggest segment by far is retail trade which totaled almost 286,000 jobs in 2013. Employment in the trade, transportation, and utilities sector fell 8.0% or by 38,200 jobs during the recession (2007 to 2010) with all subsectors declining although utilities fell just 0.4%. From 2010 to 2013, the sector added almost 13,000 jobs, a 2.5% increase with all the growth coming from retail trade and transportation. In the first six months of 2014, the trade, transportation, and utilities sector is down slightly (0.2%) from year ago levels mostly due to a 1.9% drop in wholesale trade employment.

**Exhibit I.5**  
**Maryland Nonagricultural Employment by Industry Sector**  
**Average Annual Growth Rates: Calendar 2007-2014**



TTU: Trade, Transportation, and Utilities; FS: Financial Services; P&BS: Professional and Business Services; E&HS: Education and Health Services; L&HS: Leisure and Hospitality Services

Source: Bureau of Labor Statistics, U.S. Department of Labor (based on nonseasonally adjusted data)

The information sector is the smallest, accounting for just 1.5% of all jobs in 2013. It includes telecommunications companies as well as publishing, broadcasting (television and radio), film, and various Internet and data processing service companies. During the recession, employment fell by 13.5% or almost 6,900 jobs. There has been no recovery for the sector as employment dropped by another 4,600 jobs from 2010 to 2013 and was down about 7.8% in the first half of 2014.

The financial services sector includes a number of industries that are closely tied to the housing market like mortgage brokers and real estate agents. As a result, the sector experienced strong growth during the early to middle part of the decade as the housing boom took off. But as with construction, employment fell significantly during the recession. Total financial services employment fell by 8.9% or 14,000 jobs from 2007 to 2010. Most of the jobs losses were in real estate (5,500 jobs or 11.5%) and nondepository credit intermediation which includes mortgage companies (7,000 jobs or 26.2%). Employment in the sector increased by 1.1% or 1,600 jobs from 2010 to 2013 with growth in real estate and insurance slightly offsetting continuing job losses in the credit intermediation subsector. In 2013, the financial services sector accounted for 5.6% of all jobs. Financial services employment was up 2.1% or a little over 3,000 jobs in the first six months of 2014 due to strong growth in real estate jobs (up 5.7%).

Professional and business services is a broad category that includes legal, advertising, accounting and architectural firms, computer systems design, various kinds of management, scientific and technical consulting services as well as temporary employment companies, call centers, and travel agencies. It also includes janitorial, landscaping, pest control, veterinary, and waste management services. In 2013, 16.1% of all jobs in Maryland were in this sector compared with 13.6% of jobs nationally. During the recession, employment in professional and business services fell only in 2009 when it dropped by 3.5% or 13,800 jobs. About half of those jobs were accounted for by temporary employment companies. Temporary jobs are often the first cut when the economy slows down and employment service companies slashed over 12,000 jobs from 2007 to 2009 or almost 25% of their workforce. Some subsectors continued to grow during the recession like computer systems design, management consulting and scientific research, and development services. Professional and business services employment has rebounded strongly since the recession, increasing by 7.6% or almost 30,000 jobs from 2010 to 2013. In the first six months of 2014, the sector has seen an increase of 1.2% or 5,100 jobs compared to the same period in 2013.

The education and health services sector has long been a source of steady growth and stability for Maryland's economy. There were 420,000 jobs in this sector in 2013 accounting for 16.2% of total jobs in the State. Nationally, 15.5% of all jobs were in education and health services in 2013. In Maryland, about 82% of the category is in health and social services, including doctors' offices, outpatient care centers, hospitals, medical labs, nursing homes, child day care services, and various services for children and the elderly. Employment at private schools, colleges, universities, trade, and technical schools makes up the other 18% of the sector. During the recession (2007 to 2010), the State added 26,000 health and education jobs, an increase of almost 7.0%. Employment growth slowed during the recovery, rising by 5.4% or about 21,700 jobs from 2010 to 2013. In the first half of 2014, jobs in the sector increased by 1.0% (4,200 jobs) over the same period

in 2013. Employment in hospitals declined slightly in the first six months of 2014, down 0.5% or 550 jobs.

Leisure and hospitality services consists of hotels, restaurants, bars, and various entertainment venues like movie theaters, golf courses, amusements parks, and gaming facilities. With 254,000 jobs in 2013, the sector accounted for about 9.8% of total employment. Restaurants and bars make up 74% of the category (188,000 jobs) with hotels accounting for 10% (24,000 jobs) and arts, entertainment, and recreation venues making up the remaining 16% (41,400 jobs). During the recession, the leisure and hospitality sector experienced the smallest decline among contracting industries. From 2007 to 2010, employment in the sector fell by 1.8% or 4,100 jobs. The sector has seen the strongest employment growth during the recovery, increasing jobs from 2010 to 2013 by 10.5% (24,000 jobs). Most of the job growth was in restaurants and bars (17,000) but employment at arts, entertainment, and recreation venues increased by 16.7% or almost 6,000 jobs from 2010 to 2013 due in part to the opening of gaming casinos. In the first half of 2014, employment in leisure and hospitality services was up 2.7% or 6,700 jobs with almost all the growth in restaurants and bars.

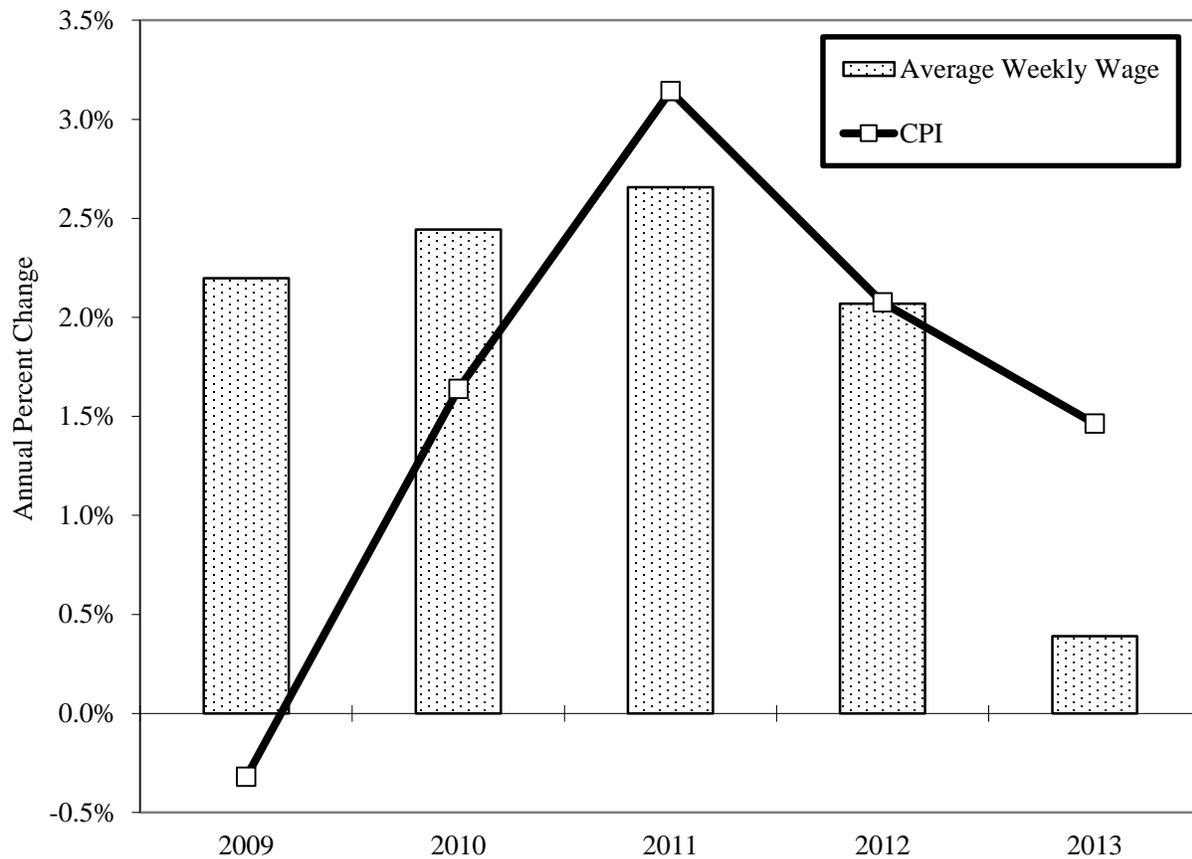
The “other services” sector is the third smallest category representing 4.3% of total employment in 2013 with almost 111,000 jobs. Around one-third of the category is made up of employment at charities, labor unions, business and professional associations and various religious, civic, social, and political organizations. Employment at repair and maintenance companies accounts for about 29% of the sector. The rest of the category is comprised of personal services including laundries, dry cleaning, hair salons, funeral parlors, and parking lots and garages. During the recession (2007 to 2010) the other services sector lost 3,600 jobs, a 3.1% decline. Job losses have continued since the end of the recession with employment falling by almost 4,000 jobs (3.4%) from 2010 to 2013. In the first six months of 2014, employment dropped by almost 1.0% (1,000 jobs) compared to the same period in 2013.

## **Wage and Salary Income**

Maryland is a high income State, commensurate with the well-educated, highly skilled workforce the State possesses. The State consistently ranks in the top 10 nationally in per capita personal income. During the recession, wage and salary income grew at an annual average rate of just 1.2%. But Maryland significantly outperformed the nation during the recession years. Nationally, wage and salary income fell at an annual average rate of 0.1% from 2007 to 2010 due to a sharp 4.3% decline in 2009. Since the recession ended, however, Maryland has underperformed relative to the country as a whole. Maryland wage and salary income grew at an annual rate of 2.8% from 2010 to 2013 compared to U.S. growth of 3.8%. Wage growth was particularly weak in 2013, rising just 1.3% as the federal government budget cuts and the shutdown in the fall hurt the Maryland economy. In the first quarter of 2014, wage and salary income grew just 0.9% over the first quarter of 2013 while nationally wage and salary income was up 3.6%.

There are two factors behind wage and salary income growth: the number of jobs and the level of wages. Wage growth is measured by the average weekly wage per worker which is simply the total wage and salary income divided by the total number of jobs divided by 52 weeks. Maryland's average wage grew at an annual rate of 2.4% from 2007 to 2010, down from over 4.0% during the middle part of the decade. The growth in average wages decelerated during the recovery (2010 to 2013), increasing at an annual rate of just 1.7% due to a very weak year in 2013 when the wage per worker barely grew at all (0.4%). Average wage growth has been below inflation in each of the last three years (see Exhibit I.6) which means that the real (inflation-adjusted) average wage has declined for three straight years. In fact, the real average wage has fallen in four of the last six years. The last time Maryland experienced such a decline was in the high-inflation period of the late 1970s and early 1980s. However, unlike that early time, the current era is marked by low nominal wage growth not high inflation.

**Exhibit I.6**  
**Growth in Average Wage vs. Inflation**  
**Calendar Year-over-year Percentage Change**  
**Calendar 2009-2013**



Wage Growth: Average weekly wage per worker in Maryland (total wage and salary income divided by the total number of jobs divided by 52 weeks).

CPI (Inflation): U.S. consumer price index.

Source: Bureau of Economic Analysis, U.S. Department of Commerce (wage data) and the Bureau of Labor Statistics, U.S. Department of Labor (employment and CPI data)

## **Outlook**

In 2014, the economy is now five years into the recovery period. A deep recession would normally be followed by a period of above-trend growth but the recovery from the Great Recession has been slow and halting. Although the economy has been growing since the summer of 2009, total inflation-adjusted gross domestic product has increased 10.2% from the trough. By contrast, at a similar point after the recession in the early 1990s, the economy had grown by almost 16.0%. Still, the economy is in a materially better place than it was five years ago and improvement continues. Employment growth in particular has accelerated in recent months. Over the past year, the U.S. economy has added an average of almost 210,000 jobs each month and over the last five months the average is close to 250,000 jobs. New claims for unemployment insurance had fallen by late July 2014 to an average of around 300,000 per week, half the level at the worst of the recession and on par with average weekly claims in the years before the recession.

Despite the improvements in the labor market, wage growth remains limited. Wage and salary income grew at an annual average rate of 3.4% from 2009 to 2013, considerably less than the almost 5.0% annual growth in the four years after the early 1990s recession (1991 to 1995). Other sources of income, however, have grown faster. Income from dividends, interest, and rent increased at an annual rate of 4.8% from 2009 to 2013 and the business income of individuals (known as proprietors' income) grew on average 8.5% per year. The stock market has reached new nominal highs boosting capital gains income. After falling 56.8% from October 2007 to March 2009, the S&P500 Index had increased by around 190% by late July 2014.

Economists generally expect the recovery to continue with some acceleration over the next few years. U.S. employment is expected to grow a little more than 2.0% per year in 2015 and 2016 and wage growth is expected to pick up to roughly 5.0% per year. Key to the forecast is continuing improvement in the housing market. Overheated housing markets in many parts of the country and the subsequent bursting of the house price bubble was a key factor behind the severity of the recession. The collapse in housing construction (a 79% peak to trough decline in U.S. housing starts) arguably over corrected the over building during the bubble years. At the same time, household formation has been low as young adults choose to stay in school and otherwise put off leaving home due to the weak labor market. As employment and wages continue to improve, this pent up demand for housing should result in a significant increase in housing construction which in turn will help boost employment further.

The economic recovery in Maryland has been similar to the country as a whole with weak employment and wage gains. During this period, Maryland benefited from the BRAC process which added close to 20,000 federal jobs to the State helping to partially

offset private-sector losses. The close reliance on the federal government became a detriment in 2013 as the Maryland economy took a significant hit from federal budget cuts and the government shutdown in the fall. The State experienced its worst year since 2009 as employment growth slipped below 1.0% and wage income increased by an anemic 1.3%.

In December 2013, Congress and the President came to a multi-year budget agreement that should provide some much needed stability for the Maryland economy. While the federal government will not be a source of growth over the next few years, it should be less of a drag than it was in 2013. Calendar 2014 has started slower than expected due in part to the unusually severe winter. Employment is expected to increase by a little more than 1.0% while wage income growth is projected to accelerate to 2.5% to 3.0% due in part to the absence of the federal government furloughs that weighed on wage growth in 2013. After trailing U.S. growth over the last several years, Maryland is projected to grow more or less in line with the country as a whole in 2015 and 2016. Thus, the State is expected to see employment growth in the 2.0% range with wage income increasing close to 5.0% per year.

The Maryland housing market is also expected to continue to recover over the next several years. Existing home sales were up in both 2012 and 2013 and the median price increased around 5.0% each year. The first half of 2014 was weak for the State's housing market due in part to bad winter weather. However, growth is expected to pick up for the remainder of the year and into 2015. Weighing on the Maryland real estate market, however, is its above average share of mortgages that are delinquent or in foreclosure. As of the second quarter of 2014, 5.7% of mortgages nationally were past due and 2.7% were in foreclosure. In Maryland, 6.9% of loans were past due and 3.5% were in foreclosure. While these ratios have come down significantly over the last few years, Maryland still had the ninth highest share of loans in foreclosure among all the states as of the second quarter of 2014.

## Section I. General Business Regulation

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General business regulation sets the basic framework within which any business in Maryland must operate. Maryland's general regulations cover such issues as what type of legal structure businesses may adopt (*e.g.*, corporation, partnership); tax liabilities faced by businesses; employment regulations (*e.g.*, minimum wage guarantees, employment of minors, insurance requirements); occupational and environmental health and safety requirements; and consumer protection regulations. Section I summarizes these general regulations and also lists the State agencies that may be contacted to obtain additional information on particular regulations. Section II describes industry-specific regulations.

Section I contains four chapters, organized as follows:

- Chapter 1: Describes the types of legal entities under which businesses may operate in Maryland; and explains the tax liabilities faced by businesses in Maryland and tax registration requirements.
- Chapter 2: Explains Maryland's laws concerning employment, including wage payments, employment of minors, comparable worth, and required insurance coverage; and describes the Maryland Occupational Health and Safety Administration's role in regulating occupational safety and health in Maryland.
- Chapter 3: Outlines Maryland's environmental protection regulations, including the State agencies responsible for their enforcement.
- Chapter 4: Discusses Maryland's consumer protection laws and the State agencies responsible for their enforcement.



# Chapter 1. Basic Business Requirements

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Maryland has laws regulating the operation of all general forms of business entities. This chapter describes the types of business organizations and the general license, filing, and tax registration requirements applicable to them. A discussion of the laws that pertain to specific industries in Maryland is provided in subsequent chapters. In addition, the State Department of Assessments and Taxation has created a checklist of the requirements for starting a new business which can be accessed at: <http://www.dat.state.md.us/sdatweb/checklist.html>.

## Forms of Business Organization

A business includes any private trade, employment, occupation, or profession conducted for profit or not for profit. The various legal forms of business organization in Maryland are as follows:

**Sole Proprietorship** A sole proprietorship is the simplest form of business organization, requiring no legal entry formalities except compliance with State and local licensing and taxation requirements.

**General Partnership** A partnership is an unincorporated association of two or more co-owners to carry on a business for profit. A partnership may exist whether or not the persons intend to form a partnership and whether or not the association is called a partnership.

While it is not necessary to file a certificate or other document with the State to form a general partnership, it must be created under the partnership laws of Maryland or another state. These laws, together with the partnership agreement (which may be oral, written, or implied), govern the relations among the partners and between the partners and the partnership.

**Limited Partnership** A limited partnership has one or more general partners and one or more limited partners. Limited partners are liable only for the amount which they invest in the limited partnership. All limited partnerships are required to file a certificate of limited partnership with the State Department of Assessments and Taxation.

Limited Liability Partnership	<p>A limited liability partnership may be formed by any existing legal partnership without dissolving or otherwise changing its form of organization. This form of business entity generally protects a partner from personal liability for debts and obligations of the partnership arising from negligence, wrongful acts, or omissions of the limited liability partnership. To create one, a partnership must register as a limited liability partnership by filing with the State Department of Assessments and Taxation a certificate of limited liability partnership that includes the name and purpose of the limited liability partnership, the address of its principal office in the State, and the name and address of its resident agent.</p>
Limited Liability Limited Partnership	<p>A limited liability limited partnership is a sub-class of limited partnership that protects the assets of general partners from judgments against other general partners. A limited partnership may register as a limited liability limited partnership by including in its certificate of limited partnership the name and purpose of the limited liability limited partnership, its principal office in the State, and the name and address of its resident agent.</p>
Joint Venture	<p>A joint venture is a business undertaking by two or more persons engaged in a single defined project. There are no formal registration requirements for joint ventures.</p>
Corporation	<p>Both domestic and foreign (out-of-state) corporations are subject to regulation by the State. A domestic corporation is organized and exists under the laws of Maryland. A foreign corporation is organized under the laws of the United States, another state of the United States, a territory, possession, or district of the United States, or a foreign country.</p> <p>Special types of corporations in Maryland include professional service corporations, nonstock corporations, private foundations, and cooperatives. A Maryland corporation also may elect to be a benefit corporation, which must have as its purpose the creation of a general public benefit, by amending or including in its charter a statement that the corporation is a benefit corporation.</p> <p>To form a corporation in Maryland, one or more adult individuals must sign and file articles of incorporation with the State Department of Assessments and Taxation and pay all relevant</p>

taxes and fees. Amendments to corporate charters also must be filed with the department. When the department accepts the articles of incorporation for record, the proposed corporation becomes a corporate body under the name and subject to the purposes, conditions, and provisions stated in the articles.

Before conducting business in Maryland, a foreign corporation must qualify or register to do business with the State Department of Assessments and Taxation.

Limited Liability Company

A limited liability company is an unincorporated business organization that combines the tax advantages of a partnership with the liability limits of a corporation. A limited liability company organized under Maryland law (domestic limited liability company) may conduct activities in any state related to any lawful business or activity, whether or not for profit, except the business of acting as an insurer. To form a limited liability company, articles of organization must be executed and filed for record with the State Department of Assessments and Taxation.

A domestic limited liability company may elect to be a benefit limited liability company, which must have as its purpose the creation of a general public benefit, by including in its articles of organization a statement that the limited liability company is a benefit limited liability company.

Real Estate Investment Trust

A real estate investment trust is an unincorporated business trust or association in which property is acquired, held, managed, administered, controlled, invested, or disposed of for the benefit and profit of any person who is a shareholder in the real estate investment trust. To create a real estate investment trust, a declaration of trust must be filed for record with the State Department of Assessments and Taxation.

Statutory Trust

A statutory trust is an unincorporated business, trust, or association that is formed by filing an initial certificate of trust with the State Department of Assessments and Taxation and governed by a governing instrument.

For further information contact:

State Department of Assessments and Taxation  
Corporate Charter Division  
301 West Preston Street, Room 801  
Baltimore, Maryland 21201-2395  
410-767-1350  
Website: <http://www.dat.state.md.us/>

## **Business Licenses**

A business license is required for most businesses in Maryland, including retailers and wholesalers. A trader's license is required for a business that sells merchandise not manufactured by the business. Generally, licenses must be obtained annually. Foreign corporations wishing to conduct business in Maryland must first qualify or register with the State Department of Assessments and Taxation.

To determine whether a particular business activity requires licensing by the State or any other additional licenses and permits, the business may contact the clerk of the circuit court in the county in which the business will be located. Appendix 1 includes the telephone number of the clerk of the circuit court in each county and Baltimore City, as well as telephone numbers for local permit information. To obtain a license or license renewal, a business may first be required to obtain a Certificate of Status from the State Department of Assessments and Taxation that verifies that the business is in "good standing." Good standing means all documents and fees required by law to be submitted to the department have been received and that the department has received no notifications of delinquent tax payments. The Maryland Business License Information System (BLIS), accessible at <http://www.choosemaryland.org/blis/pages/default.aspx>, is an Internet-based system administered by the Department of Business and Economic Development to help business owners determine which State permits and licenses are required to operate their business.

In addition, the Central Business Licensing and Registration System, accessible at <https://www.egov.maryland.gov/easy>, is an online portal through which an individual may register a business name or a trade name, form certain business entities with the State Department of Assessments and Taxation, and establish required tax accounts with the Comptroller of Maryland.

## Trade Names

A person engaged in a mercantile, trading, or manufacturing business as an agent or doing business under a name other than its own must file a certificate with the State Department of Assessments and Taxation. The certificate must disclose the names and addresses of the owners of the business, the character and location of the business, and the name under which the business is conducted. A trade name must be distinguishable from all other names on file with the department.

A trade name certificate is effective for five years from the date of filing. The fee for recording a trade name certificate is \$25. A \$25 fee also is charged for each amendment, cancellation, or renewal of a certificate.

## Tax Registration

Requirements for tax registration of businesses at the State, local, and federal level are described below.

### State Tax Registration

Completion of a single tax registration (the Combined Registration Application) will meet the requirements for most State taxes, including sales and use, employer withholding, unemployment insurance, and admissions and amusement taxes. The one-stop registration also serves as an initial step for businesses requiring State alcoholic beverage tax and tobacco tax licenses and registration with the Motor Vehicle Fuel Tax Division, Comptroller of Maryland. *Volume III – Maryland’s Revenue Structure* of the Legislative Handbook Series further describes these taxes.

The Combined Registration Application and instructions may be obtained from the clerk of the circuit court in each county or at any branch office of the Comptroller. The application also may be completed or downloaded for a paper copy from the website.

For further information contact:

Comptroller of Maryland  
Revenue Administration Division  
301 West Preston Street, Room 206  
Baltimore, Maryland 21201-2384  
Toll Free: 800-638-2937  
Website: <http://www.comp.state.md.us> (also, [www.marylandtaxes.com](http://www.marylandtaxes.com))

## **Local Tax Registration**

Many local taxes are collected by the State; however, the property tax (both local and State) is collected by local governments. Businesses must contact the subdivision where the business is located for information on how to comply with local regulations. The local supervisor of the State Department of Assessments and Taxation also can provide assistance. Appendix 1 includes the telephone number of the local assessment and taxation office in each county and Baltimore City.

## **Federal Tax Registration**

A new business should contact the federal Internal Revenue Service to register for:

- an employer identification number;
- income tax – business and employee withholding;
- Social Security and Medicare withholding;
- federal unemployment insurance; and
- other federal taxes.

The Internal Revenue Service also has guidebooks and other tax publications helpful in starting and operating a business. For further information contact either the nearest Internal Revenue Service office or:

Internal Revenue Service  
31 Hopkins Plaza  
Baltimore, Maryland 21201  
443-853-5660  
Toll Free: 800-829-4933  
Website: <http://www.irs.gov/>

## **Fees**

Fees paid to the State Department of Assessments and Taxation for operating in Maryland are described below.

### **Domestic Corporations**

Businesses incorporating as domestic (Maryland) corporations are required to pay the following fees:

*Incorporation fee:* \$100 for processing articles of incorporation, plus \$50 for a nonstock corporation that is organized to operate as a not-for-profit entity under § 501(c)(3), (4), or (6) of the Internal Revenue Code.

*Organization and capitalization fee:* An initial fee based on the amount of declared capital stock. (Corporations without capital stock pay \$20.) Rates are as follows:

- \$20 for capital stock not over \$100,000;
- \$20 for capital stock over \$100,000 but not over \$1 million, plus \$1 for each \$5,000 or part thereof that exceeds \$100,000;
- \$200 for capital stock over \$1 million but not over \$2 million, plus \$10 for each \$100,000 or part thereof that exceeds \$1 million;
- \$300 for capital stock over \$2 million but not over \$5 million, plus \$15 for each \$500,000 or part thereof that exceeds \$2 million; and
- \$390 for capital stock over \$5 million, plus \$20 for each additional \$1 million or part thereof that exceeds \$5 million.

*Personal property report filing fee:* \$300 for a stock corporation to file an annual personal property report.

*Other filing fees:* Changes in articles, name changes, mergers, consolidations, and dissolutions of domestic corporations must be reported to the State Department of Assessments and Taxation along with the appropriate recording fee.

## **Foreign Corporations**

Businesses incorporated in another state (foreign corporations) and operating in Maryland are subject to the following requirements, fees, and penalties:

*Registration to conduct interstate or foreign business:* To transact interstate or foreign business in Maryland, a foreign corporation must register with the State Department of Assessments and Taxation. No filing fee is required for registration.

*Qualification to conduct intrastate business:* To transact intrastate business in Maryland, a foreign corporation must pay a \$100 fee to file papers with the

State Department of Assessments and Taxation in connection with its qualification to do intrastate business.

*Name registration:* A foreign corporation may register its name with the State Department of Assessments and Taxation by paying a \$100 name registration fee and a \$100 annual renewal fee after the end of the calendar year.

*Personal property report filing:* A foreign stock corporation must pay a \$300 fee to file an annual personal property report with the State Department of Assessments and Taxation.

*Other filings:* Changes in articles, name changes, mergers, consolidations, and dissolutions of foreign corporations must be reported to the State Department of Assessments and Taxation along with the appropriate recording fee.

*Penalties:* A \$200 fine is imposed on a foreign corporation for conducting intrastate, interstate, or foreign business in this State without qualifying or registering as a foreign corporation. Each officer and agent of a foreign corporation that does intrastate, interstate, or foreign business in this State without qualifying or registering, as required, is guilty of a misdemeanor and, on conviction, is subject to a fine not exceeding \$1,000.

### **Limited Partnerships and Limited Liability Companies – Maryland Entities**

A limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company in Maryland is formed by filing the required certificate for a partnership, or articles of organization for a limited liability company, with the State Department of Assessments and Taxation. The filing fee is \$100. These entities also are required to submit an annual personal property report and pay a \$300 filing fee.

### **Limited Partnerships and Limited Liability Companies – Foreign Entities**

A foreign limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company must register with the State Department of Assessments and Taxation and pay a \$100 fee to conduct intrastate, interstate, or foreign business in Maryland. These entities also are required to submit an annual personal property report and pay a \$300 filing fee.

## **Real Estate Investment Trusts**

A real estate investment trust is formed in Maryland by filing the required declaration of trust with the State Department of Assessments and Taxation. The fee schedule is similar to that for a domestic corporation and includes a \$100 fee for recording the declaration of trust and an additional organization and capitalization fee based on the amount of certificates of beneficial interest. A real estate investment trust also is required to submit an annual personal property report and pay a \$300 filing fee.

## **Statutory Trusts – Maryland Entities**

A statutory trust is formed in Maryland by filing the required initial certificate of trust with the State Department of Assessments and Taxation. The filing fee is \$100. A statutory trust also is required to submit an annual personal property report and pay a \$300 filing fee.

## **Statutory Trusts – Foreign Entities**

A foreign statutory trust must register with the State Department of Assessments and Taxation and pay a \$100 fee to conduct intrastate, interstate, or foreign business in Maryland. A foreign statutory trust also is required to submit an annual personal property report and pay a \$300 filing fee.

## **Personal Property Tax**

Any business that uses tangible personal property (furniture, fixtures, tools, machinery, equipment, etc.) in Maryland is subject to personal property tax and must file a personal property return listing that property by April 15 of each year. The State Department of Assessments and Taxation administers and enforces the property tax assessment and tax laws, while the appropriate county bills businesses and collects taxes based on the property assessment and location and the tax rate.

For further information contact either the local assessment office listed in Appendix 1 or:

State Department of Assessments and Taxation  
Business Personal Property Division  
301 West Preston Street  
Baltimore, Maryland 21201-2395  
Corporations, Limited Liability Companies, Limited Liability  
Partnerships, Limited Partnerships, Business Trusts, and Real Estate  
Investment Trusts: 410-767-1170  
Sole Proprietors and General Partnerships: 410-767-4991  
Website: <http://www.dat.state.md.us/sdatweb/personal.html>

## **Regulation of Industries**

Industries (*e.g.*, construction, manufacturing, wholesale and retail trade) and services are subject to general regulations (licenses and permits) as well as industry-specific regulations. For example, construction companies need to obtain local business licenses issued by clerks of the circuit courts. Permits are needed for construction projects that affect nontidal waterways, flood plains, or small ponds; involve refuse disposal, hazardous waste, or sewer sludge; or involve the removal of asbestos. In addition, occupational licenses are required for specialized professionals, such as electricians, surveyors, and landscape architects, who work on a construction project.

Section II of this volume provides a more detailed discussion of the licensing and other requirements that pertain to specific industries in Maryland.

## **Chapter 2. Employment and Occupational Safety and Health Regulations**

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Personal injuries and illnesses arising out of conditions of employment impose a substantial burden upon employers and employees in terms of lost production and wages, medical expenses, and disability compensation payments. Equally important, certain standards of employment must be encouraged in order to guarantee employees sufficient wages and guard against unfair, exploitative behavior by employers. The State of Maryland seeks to assure safe and healthy working conditions and to preserve the integrity of the employment relationship. The regulatory agency that has primary responsibility to support and enforce employment regulations and occupational safety and health regulations is the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation.

This chapter describes the State's employment regulations and occupational safety and health regulations as well as the regulatory functions of the various agencies charged with enforcing them.

### **Employment Laws and Regulations**

The employer/employee relationship in Maryland is subject to federal and State regulation. The following discussion of State regulation generally addresses only those areas not affected by federal law. In the cases of interstate commerce or government contracts, federal requirements may supersede State regulations. However, under certain circumstances, the more stringent law will apply.

The Division of Labor and Industry, as well as the Division of Workforce Development and Adult Learning, of the Department of Labor, Licensing, and Regulation enforce Maryland's employment regulations. The Division of Labor and Industry is charged with preventing accidents and incidents that result in fatalities and injuries; preventing work-related illnesses; protecting employee wages and rights; and assisting regulated industries and employers to comply with division laws and regulations. The Division of Workforce Development and Adult Learning oversees the State's workforce programs by providing customer-focused employment and training services that include advancing job placement and job training efforts and reporting on the needs and demands of the labor market.

Other State agencies help enforce various employment regulations. The Maryland Commission on Civil Rights, formerly known as the Maryland Commission on Human Rights, is charged with ensuring equal opportunity to all through the enforcement of Maryland's laws against discrimination in employment, housing, and public

accommodations. The Workers' Compensation Commission processes and adjudicates workers' compensation claims and penalizes employers that do not obtain workers' compensation coverage for their employees. The Division of Unemployment Insurance in the Department of Labor, Licensing, and Regulation administers unemployment insurance claims and ensures that employers pay unemployment taxes on the wages earned by their employees.

## **Employment Standards**

Employers and employees are guaranteed certain protections by wage and employment laws and an assortment of other provisions. The Division of Labor and Industry's Employment Standards Service administers these statutes.

### **Employment of Minors**

The Maryland Employment of Minors Law applies to children between the ages of 14 and 17. Minors are restricted in the kind of work performed and the number of hours worked. The law seeks to protect minors so that their employment experience is not a detriment to their education or safety. Minors are limited in the hours they may work while school is in session. There are specific jobs and occupations that children are not allowed to work because they have been determined to be potentially dangerous for youth employment. Certain activities are not considered employment, provided that the activity does not involve mining, manufacturing or hazardous occupations, and takes place outside of the school day. Those activities include farm work; domestic work; work performed in a business owned by a parent; and work performed by unpaid volunteers. Restrictions under the child labor provisions of the federal Fair Labor Standards Act may be greater than State standards. Employers must comply with the higher standard.

A minor under the age of 14 may not be employed or permitted to work, but several activities, such as caddying and newspaper delivery, are exempted. Moreover, such minors may obtain a special permit to work as a model, performer, or entertainer. Minors age 14 through 17 are issued work permits, and employers must have these permits in their possession before these minors are allowed to work. Applications for work permits are available in most high schools throughout Maryland and on the Department of Labor, Licensing, and Regulation's website. Under changes that take effect October 1, 2014, pursuant to Chapter 100 of 2014, the Commissioner of Labor and Industry will no longer share responsibility for the issuance of work permits with school superintendents of each jurisdiction. Instead, a minor's parent or guardian must apply for a work permit for the minor by completing and submitting to the commissioner an online application. After reviewing an online work permit application, the commissioner may issue the permit if the

employment is allowed for the minor under State law. Over 42,000 work permits were issued in calendar 2012.

### **Equal Pay for Equal Work**

The Maryland Equal Pay for Equal Work Law prohibits employers from discriminating against employees by paying wages to employees of one sex at a rate less than that paid to employees of the opposite sex for work of comparable character or work on the same operation or business. Wages may lawfully vary based on a nondiscriminatory seniority system, a nondiscriminatory merit system, or jobs that require different abilities, regular performance of different duties, or work that is performed on different shifts.

### **Minimum Wage**

The Maryland Wage and Hour Law establishes the minimum wage rate and requires payment for overtime. An employer may be covered by the federal Fair Labor Standards Act, the Maryland Wage and Hour Law, or both. Furthermore, employers in Baltimore City, Montgomery County, or Prince George’s County are covered by each respective jurisdiction’s Wage and Hour Law. If a federal or local law differs from the State law, the law that provides the most protection or sets the higher standard prevails.

The minimum wage in Maryland was increased beyond the federal minimum wage for the first time under legislation enacted in 2006 and most recently under legislation enacted in 2014. Chapter 262 of 2014 requires employers in the State, starting on January 1, 2015, to pay the greater of the federal minimum wage (which in 2014 is \$7.25 per hour) or a State minimum wage of \$8.00 per hour to employees subject to various federal or State minimum wage requirements. Chapter 262 also provides for subsequent increases in the State’s minimum wage through July 1, 2018, as follows:

- on July 1, 2015, \$8.25 per hour;
- on July 1, 2016, \$8.75 per hour;
- on July 1, 2017, \$9.25 per hour; and
- on July 1, 2018, \$10.10 per hour.

Effective July 1, 2014, changes take effect regarding the applicability of the law, wage rate for specified employees and establishments, basis for computing overtime for specified employees and establishments, remedies, and enforcement mechanisms. In terms of applicability, certain employees and establishments are exempt from both minimum wage and overtime provisions, while other employees are exempt only from the overtime provisions but must be paid the minimum wage. Chapter 262 preserves these categories of exemptions, but repeals or alters several exemptions in each category.

In terms of wage rates, Chapter 262 (1) establishes a training wage of 85% of the State minimum wage for the first six months that an employee under the age of 20 is employed by an employer; (2) requires an amusement or recreational employer under specified conditions to pay an employee a wage that equals the greater of \$7.25 or 85% of the State minimum wage; and (3) decouples the tip credit for tipped employees from the State minimum wage rate and requires them to be paid \$3.63 per hour. An employer, however, remains obligated to make up any difference if the tipped employee's base wage plus tips falls short of the applicable State minimum wage. Chapter 262 also establishes a mandated appropriation beginning in fiscal 2016 for community service providers funded by the Department of Health and Mental Hygiene's Developmental Disabilities Administration.

In terms of overtime compensation, under State and federal law, employers are required to pay an overtime wage of at least 1.5 times the usual hourly wage, generally based on each hour over 40 hours that an employee works during a work week. Chapter 262 repeals several provisions that exempt employers from overtime requirements and alters the computation of overtime for specified other employers.

In terms of remedies and enforcement mechanisms, Chapter 262 expands the remedies available for wage payment violations, while Chapter 411 of 2014 requires the Commissioner of Labor and Industry to enforce a local minimum wage law and authorizes the commissioner to investigate whether a local minimum wage law has been violated under the same powers and duties as the State's Wage and Hour Law.

### **Wage Payment and Collection**

The Maryland Wage Payment and Collection Law regulates the conditions and manner of payment by employers. Employers are required to:

- pay workers the wages promised;
- establish regular paydays;
- pay wages when due;
- pay employees by check, debit or card account, direct deposit, or in cash;
- pay employees at least once every two weeks or twice a month (administrative, executive, or professional employees may be paid less frequently);
- furnish employees with a statement of gross earnings and deductions each pay period;
- advise each employee, when hired, of the employee's rate of pay and designated payday; and

- pay an employee (upon termination of employment) all wages due on or before the next regular payday.

### **Flexible Leave Act**

The Maryland Flexible Leave Act (Chapter 644 of 2008) authorizes employees of employers with 15 or more individuals to use “leave with pay” for an illness in the employee’s immediate family which includes a child, spouse, or parent. Chapter 560 of 2009 clarifies the definitions of “child” and “parent” and that such leave may only be taken for children under the age of 18 or adult children who are incapable of self-care by reason of disability. Leave with pay is considered time away from work for which an employee is paid and includes sick leave, vacation time, and compensatory time. Chapter 560 also clarifies that an employee may only use leave with pay that has been earned and is available. Employees who earn more than one type of leave with pay may elect the type and amount of leave with pay to be used. An employee who uses leave with pay under this law is required to comply with the terms of any collective bargaining agreement or employment policy.

The Act, as clarified by Chapter 560, prohibits an employer from discharging, demoting, suspending, disciplining or otherwise discriminating against an employee or threatening to take any of these actions against an employee because the employee has taken authorized leave; opposed an unlawful practice; or made a change, testified, assisted, or participated in an investigation, proceeding, or hearing related to the Flexible Leave Act. This law does not affect leave granted under the federal Family and Medical Leave Act of 1993 (FMLA). For information about FMLA, visit the U.S. Department of Labor’s Wage and Hour Division website: <http://www.dol.gov/whd/fmla/index.htm>.

### **Unpaid Parental Leave**

FMLA requires covered employers with 50 or more employees, to provide eligible employees with up to 12 workweeks of unpaid leave during any 12-month period under the following conditions: the birth and care of an employee’s newborn child; the adoption or placement of a child with an employee for foster care; care for an immediate family member with a serious health condition; medical leave when the employee is unable to work due to a serious health condition; or any qualifying circumstance arising out of the fact that the employee’s spouse, son, daughter, or parent is a covered military member on “covered active duty.”

Chapters 333 and 334 of 2014 expands FMLA by requiring employers with 15 to 49 employees in the State to provide employees with unpaid parental leave benefits. An eligible employee may take unpaid parental leave up to a total of six weeks in

a 12-month period for the birth, adoption, or foster placement of a child. To be eligible for the unpaid parental leave, an employee must have worked for the employer for at least one year and for 1,250 hours in the previous 12 months. Prior to taking unpaid parental leave, an employer may require an employee, or an employee may elect, to use paid leave, if available. During parental leave, the employer must maintain existing coverage for a group health plan and, in specified circumstances, may recover the premium if the employee fails to return to work. An employee has a right of action against an employer for damages caused by an employer's noncompliance.

### **Leave for Military Deployment of Spouse, Parent, or Child**

Under the Military Family Leave provisions adopted under the National Defense Authorization Acts of 2008 and 2010, an eligible employee who is the spouse, son, daughter, or parent of a military member in the National Guard, Reserves, or regular Armed Forces may take up to 12 weeks of FMLA leave during any 12-month period to address the most common issues that arise when a military member is deployed to a foreign country. These include attending military events and related activities as well as issues related to short-notice deployments, child care, and making or updating financial and legal arrangements. FMLA leave may also be used for post-deployment activities such as attending arrival ceremonies, reintegration briefings, and related issues or events. A family member must give notice at least 30 days before taking any leave under these provisions or, if 30 days notice is not possible, as soon as practicable.

Chapter 163 of 2013 expands the protections under FMLA in several respects by requiring employers that employ 50 or more people, including the State and local governments, to allow an employee to take leave from work on the day that an immediate family member is leaving for or returning from active military duty outside the United States. To qualify for the leave, an employee must have worked for the employer on a full- or part-time basis for the last 12 months and worked at least 1,250 hours during that time. "Immediate family member" is defined as a spouse, parent, stepparent, child, stepchild, or sibling. Employers may not require an employee to use accrued compensatory, sick, or vacation leave for this purpose. Employers may require the employee to submit proof that the leave is being taken in accordance with the law. Chapter 163 expands FMLA by adding siblings to the list of qualified immediate family members, and by not requiring advanced notice to the employer.

### **Retail Employee Shift Breaks**

Under Chapters 612 and 613 of 2010, employees who are not exempt and who work at specified retail establishments in the State with 50 or more employees are entitled to shift breaks. Specifically, for retail employees that work between four to six hours,

employers are required to provide nonworking shift breaks of at least 15 minutes, unless the requirement is waived in writing. If employees work for more than six consecutive hours, employers must provide nonworking shift breaks of at least 30 minutes. Finally, for employees working at least eight consecutive hours, employers are required to provide nonworking shift breaks of at least 15 minutes for each additional four-hour period an employee works. Certain breaks may be considered a “working shift break” if the type of work prevents an employee from being relieved or an employee is allowed to consume a meal and the time is counted towards an employee’s work hours. A working shift break requires a written agreement between the employee and the employer.

### **Employee and Job Applicant Privacy Protection**

State law includes several prohibited practices that apply to employers’ recruitment, hiring, and retention practices. Except for specified law enforcement and correctional positions, employees and applicants for employment may not be required by their employer or prospective employer to submit to or take a polygraph examination or similar test as a condition of employment, prospective employment, or continued employment.

Subject to specified exceptions, an employer may not use an applicant’s or employee’s credit report or credit history in determining whether to deny employment to the applicant, discharge the employee, or determine compensation or terms of employment. Employers may request or use an applicant’s or employee’s credit report or credit history after an offer of employment has been extended and if (1) the information will not be used for a forbidden purpose or (2) the employer has a bona fide purpose for requesting the information that is substantially job-related and disclosed in writing to the employee or applicant.

Under Chapters 233 and 234 of 2012, an employer, including the State and local governments, is prohibited from requesting or requiring an employee or applicant for employment to disclose a user name, password, or other means of accessing an Internet site or electronic account. An employer may not penalize or threaten to penalize an employee or applicant for employment for refusing to disclose this information.

### **Misclassification of Employees as Independent Contractors**

When a company hires an employee, the company is responsible for paying half of that employee’s Social Security and Medicare taxes, as well as premiums for workers’ compensation insurance coverage and unemployment insurance taxes. Employers also withhold federal, State, and local income taxes from their employees’ wages. By contrast, independent contractors pay all of their own Social Security and Medicare taxes and are responsible for paying income taxes in full. Independent

contractors are not covered by workers' compensation insurance or unemployment insurance, nor do they receive overtime compensation or benefits such as health insurance. Further, employees are provided with labor protections, such as the wage laws. These laws do not apply to independent contractors. Employers save money by avoiding the above overhead costs when workers are classified as independent contractors instead of employees.

An employer in the construction services or landscaping services industries is prohibited from failing to properly classify an individual who performs work for remuneration paid by the employer. The practice of misclassification is also commonly referred to as "workplace fraud." For purposes of enforcing the State's various wage and employee protection laws, including minimum wage, living wage, and overtime work, work performed by an individual is presumed to create an employer-employee relationship unless the individual is specifically exempt under the applicable law or the individual is an independent contractor as determined by a specific test under the applicable law.

For further information regarding employment standards, contact:

Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 606  
Baltimore, Maryland 21201  
410-767-2241  
Website: <http://www.dllr.state.md.us/labor>

For further information regarding worker misclassification, contact:

Worker Classification Protection Unit  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 607  
Baltimore, Maryland 21201  
410-767-9885  
[wcpu@dllr.state.md.us](mailto:wcpu@dllr.state.md.us)

### **Equal Employment Opportunity**

Maryland seeks to ensure that all persons have equal employment opportunity. In general, the State's Discrimination in Employment Law coincides with federal law. Title 20, subtitle 6 of the State Government Article of the Annotated Code of Maryland prohibits discrimination in employment on the basis of race, color, religion, sex, age,

national origin, marital status, sexual orientation, gender identity, genetic information, or disability. Activities that may be considered discriminatory practices include:

- failure or refusal to hire, refer, or promote an individual;
- discharge of an individual;
- limitation, segregation, or classification of employees or applicants for employment; and
- discrimination against an individual in compensation or in the terms, conditions, and privileges of employment.

The Maryland Commission on Civil Rights accepts written complaints from persons who reasonably feel that they have been the subject of discrimination. In addition, the commission may initiate a complaint based on reliable information that a person or business is engaged in a discriminatory practice.

The State Discrimination in Employment Law applies to employers with 15 or more employees. A covered employer is obligated to maintain employment policies, procedures, and practices that do not discriminate. In addition, covered employers are obligated to provide reasonable accommodation for disabled individuals. Reasonable accommodation includes making adaptations to the workplace or the job so that qualified persons can perform their duties. The commission looks at each accommodation to determine whether it is reasonable.

In cases of employment discrimination, the commission attempts to restore the complainant to the status he or she would have enjoyed had there been no form of discrimination. This may take the form of a job offer, lost wages, a promotion, or reinstatement.

For information about the federal Equal Employment Opportunity Commission, visit its website: <http://www.eeoc.gov/>.

For further information regarding the discrimination in employment law, contact:

Maryland Commission on Civil Rights  
Schaefer Towers  
6 St. Paul Street, Suite 900  
Baltimore, Maryland 21202  
410-767-8600  
Toll Free: 800-637-6247  
Website: <http://www.mccr.maryland.gov/index.html>

## **Prevailing Wage and Living Wage**

The State's prevailing wage and living wage laws apply to certain projects and services when State public funds are used. The Prevailing Wage Unit in the Division of Labor and Industry administers and enforces these laws.

### **Prevailing Wage**

The federal Davis-Bacon Act, enacted during the Great Depression, is the model for state prevailing wage laws throughout the country. Prevailing wage laws generally require that workers performing a specific job or task are paid an hourly wage that is the industry standard in a given geographic area. There are two primary purposes of the federal Act and state prevailing wage laws. First, the laws stabilize wages in an area by preventing employers from paying less than what is commonly paid to workers in a region. Second, the laws prevent contractors from undermining local employment by low-bidding on government contracts and/or importing workers at lower wages.

The Maryland Prevailing Wage Law extends to any public works contract in excess of \$500,000 when State public funds are used to finance at least 50% of the construction costs of a particular project. As enacted by Chapter 282 of 2014, prevailing wage rates must also be used in elementary and secondary school construction projects exceeding \$500,000, where State funds account for 25% or more of the cost.

A wage determination issued for a project specifies the wage and fringe benefit rate for each classification of worker determined to be prevailing in that locality for that type of construction. Wage determinations are issued for each locality in the State (23 counties and Baltimore City) and are in effect for one year from the date on which they become final.

The law also specifies that a regular day's work consists of 10 hours. Overtime compensation must be given for any work performed in excess of 10 hours in a single day, in excess of 40 hours per workweek, on Sundays, and legal holidays.

### **Living Wage**

The Maryland Living Wage Law requires contractors and subcontractors to pay a living wage to employees performing work on certain State service contracts in excess of \$100,000 with certain exemptions. The Prevailing Wage Unit administers and enforces the law. The Commissioner of Labor and Industry is required to adjust the wage rates based on the Consumer Price Index and to allow certain reductions to the wage rates. The wage rates and any adjustments are published on the division's website.

The living wage rates, as of September 2013, are \$13.19 per hour for work performed in Tier 1 (Montgomery, Prince George’s Howard, Anne Arundel, and Baltimore counties and Baltimore City) and \$9.91 per hour for work performed in Tier 2 (any county in the State not included in the Tier 1 area). Failure to comply with the law may result in the assessment of penalty damages and payment of restitution to the appropriate employees.

For further information on prevailing wage or living wage contact:

Prevailing Wage Unit  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 607  
Baltimore, Maryland 21201  
410-767-2342  
Website: <http://www.dllr.state.md.us/labor/prev>;  
and <http://www.dllr.state.md.us/labor/livingwage.shtml>

## **Insurance Requirements**

Employees are also protected by two insurance requirements. Through an adjudicated process with the Maryland Workers’ Compensation Commission, the Maryland Workers’ Compensation Law provides compensation and medical benefits to covered employees injured on the job. Through the Division of Unemployment Insurance in the Maryland Department of Labor, Licensing, and Regulation, the Maryland Unemployment Insurance Law provides unemployed workers the means of getting through temporary periods of involuntary unemployment.

### **Workers’ Compensation Insurance**

All employers in Maryland are required to provide workers’ compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications. After determination of a base or “average” rate by industry classification, with the base rate set (to cover claim losses) by an industry-wide rate-making organization (National Council of Compensation Insurers) and

approved by the Maryland Insurance Administration, a qualifying employer's premium may be modified based on the firm's loss experience record when compared to the loss experience of similar firms in Maryland. The insurer also includes, as a portion of the premium, the insurer's overhead, other expenses, and a profit factor.

Employers may obtain coverage for their employees in one of three ways:

- insure with the Chesapeake Employer's Insurance Company, the insurer of last resort in the State and an authorized insurer in the State similar to other authorized insurers (Chesapeake was formerly the Injured Workers' Insurance Fund, a State-created nonprofit self-supporting agency; however, Chapter 570 of 2012 converted the Injured Workers' Insurance Fund into Chesapeake, a private, nonprofit, and nonstock workers' compensation insurer as of October 1, 2013);
- insure with any insurance company that is authorized by the Maryland Insurance Administration to write this type of coverage in the State; or
- become a "self-insurer" by applying to the Maryland Workers' Compensation Commission.

In Maryland, an injury is covered under workers' compensation if the harm suffered by the covered employee was by an accidental personal injury arising out of and in the course of covered employment. An employee has the responsibility of filing a claim with the commission. The commission processes and adjudicates claims. In fiscal 2013, 23,241 claims were filed with the commission of which 56 were fatalities; this is a 1.4% increase in the number of filed claims from the previous year. Benefits are paid to injured employees by the employer (if the employee is self insured) or the employer's workers' compensation insurer. For compensable injuries, workers' compensation benefits include wage replacement, medical treatment, death and funeral costs, and vocational rehabilitation expenses. Wage replacement benefits are based on the employee's average weekly wage and on the type of injury, as prescribed in the statute.

The Maryland Uninsured Employers' Fund pays benefits ordered by the commission in favor of injured employees against noninsured employers who default in payments. The fund finances the claims through the collection of applicable fines, assessments, and benefit recoveries.

For further information contact:

Workers' Compensation Commission  
10 East Baltimore Street  
Baltimore, Maryland 21202-1641  
410-864-5100  
Toll Free: 800-492-0479  
Website: <http://www.wcc.state.md.us/>

Chesapeake Employers' Insurance Company  
8722 Loch Raven Boulevard  
Towson, Maryland 21286-2235  
410-494-2000  
Toll Free: 800-264-4943  
Website: <http://www.ceiwc.com>

Uninsured Employers' Fund  
300 E. Joppa Road, Suite 402  
Towson, Maryland 21286  
410-321-4136  
Website: <http://www.uef@qis.net>

### **Unemployment Insurance**

Unemployment insurance provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the unemployment insurance system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

The administration of the unemployment insurance program is financed through employer taxes, as specified under the Federal Unemployment Tax Act (FUTA). The federal tax is 6.0% of the first \$7,000 in wages paid to each employee. Employers receive credit of up to 5.4% if the employers pay all State unemployment insurance taxes due and the State's law is in conformity with required provisions of the federal Act. The net tax (0.6%), a maximum of \$42 per employee per year, is collected by the federal government and is used to finance (1) state and federal administrative costs; (2) federal reimbursements for federally funded extended benefits; and (3) loans to states with insolvent trust funds.

The Maryland program is administered by the Division of Unemployment Insurance in the Maryland Department of Labor, Licensing, and Regulation with use of these federal funds.

Unemployment benefits paid to eligible persons generally are financed by contributions made by employers to the division which are deposited in the Maryland Unemployment Insurance Fund. All private business employers and nonprofit organizations employing one or more persons, at any time, are subject to the Maryland Unemployment Insurance Law. Each employer is assigned a particular tax rate for a calendar year based on its experience with unemployment, in relation to the experience of other employers, and the balance of the fund from the preceding September. Certain nonprofit organizations can opt to become self-insured under the program, reimbursing dollar for dollar any benefits paid to former employees.

Rates in six tax tables vary annually according to solvency of the fund. Accordingly, employers generally are required to make contributions to the fund based on the applicable tax rate in the table that is in effect for the calendar year and the taxable wages for the employers' covered employment. Taxable wages are defined as the first \$8,500 earned by each employee in a calendar year. Depending on the calendar year, the total taxable wages of all employers generally range from approximately \$17 billion to \$19 billion.

As shown in Exhibit 2.1, Table A provides the lowest tax rates during a calendar year when the fund balance is at a level that is more than adequate to handle benefit claim volume (the balance is in excess of 5% of the total taxable wages). Under Table A, employers pay from \$25.50 to \$637.50 per employee. Table F levies the highest tax rates during a calendar year when the fund balance has declined to an insolvent level due to a significant volume of benefit claims (the balance is less than 3% of the total taxable wages). Under Table F, employers pay \$85 to \$1,147.50 per employee.

Employers that have laid off their employees may pay a higher tax rate than employers that have not laid off their employees. Benefits paid to employees of an employer are charged to the specific employer's account when wages earned from the employer are used to determine a claimant's entitlement to benefits. There are a variety of circumstances under which employers may be relieved of benefit charges. For example, employers are not charged if a former employee (1) left employment voluntarily or due to domestic violence of the former employee or former employee's spouse, minor child, or parent or (2) was discharged for gross or aggravated misconduct. There are also certain exclusions related to churches, agricultural employment, students, and others.

**Exhibit 2.1**  
**Unemployment Insurance Tax Rates**

<u>Table</u>	<u>Ratio of UIF to Taxable Wages</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Taxes Per Employee</u>	
		<u>Rate</u>	<u>Rate</u>	<u>Minimum</u>	<u>Maximum</u>
A	UIF exceeds 5%	0.3%	7.5%	\$25.50	\$637.50
B	UIF exceeds 4.5%, but not in excess of 5%	0.6%	9.0%	51.00	765.00
C	UIF exceeds 4%, but not in excess of 4.5%	1.0%	10.5%	85.00	892.50
D	UIF exceeds 3.5%, but not in excess of 4%	1.4%	11.8%	119.00	1,003.00
E	UIF exceeds 3%, but not in excess of 3.5%	1.8%	12.9%	153.00	1,096.50
F	UIF is 3% or less	2.2%	13.5%	187.00	1,147.50

Note: Unemployment Insurance Fund (UIF)

Source: Department of Legislative Services

In calendar 2010, 2011, and 2012, tax rates ranged from 2.2% to 13.5% (under Table F), as the balance of the fund was 3% or less of the total taxable wages. In calendar 2013, as the balance of the fund improved to over 4% but less than 4.5% of the total taxable wages, tax rates ranged from 1.0% to 10.5% (under Table C). In calendar 2014, tax rates range from 0.3% to 7.5% – representing the first time that employers have paid Table A rates since calendar 2007.

Benefits are based on the amount of wages that the employee earned during the base period (the first four of the last five completed calendar quarters prior to the date the employee filed a claim). Effective March 1, 2011, under legislation enacted in 2010 (Chapter 2), if a claimant does not qualify for benefits because of insufficient wages in the base period, an alternative base period may be used (the last four completed calendar quarters) to determine eligibility. Until legislation was enacted in Maryland in 2009 (Chapters 5 and 6) to extend benefits to part-time workers, claimants were generally eligible for benefits only if they were actively seeking full-time work. The weekly benefit amount provided by Maryland law ranges from \$50 to \$430. The maximum duration that weekly benefits may be paid is 26 weeks.

Exhibit 2.2 shows the amount of benefits paid from the fund and the number of new claims (initial) filed during calendar 2009 to 2013. Both decreased approximately 30% from calendar 2009 to 2013.

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**Exhibit 2.2**  
**Unemployment Benefits Paid and New Claims Filed**  
**Calendar 2010 – 2013**

<u>Calendar Year</u>	<u>Benefits Paid</u>	<u>New Claims Filed</u>
2009	\$1.07 billion	416,300
2010	\$900.7 million	376,836
2011	\$795.7 million	345,317
2012	\$778.5 million	321,652
2013	\$736.1 million	299,429

Source: U.S. Department of Labor

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In addition to the benefits financed by employers, the federal government may also finance additional benefits paid to eligible persons. Due to the economic situation and the significant increases in the unemployment rates across the nation, claimants in Maryland were eligible for an additional 47 weeks of extended benefits under an emergency federal program known as Emergency Unemployment Compensation, which ended December 28, 2013, without further extension by Congress.

Extensive information for employers and employees is available at <http://www.dllr.state.md.us/employment/unemployment.shtml>.

For further information contact:

Division of Unemployment Insurance  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 508  
Baltimore, Maryland 21201  
Email: [ui@dllr.state.md.us](mailto:ui@dllr.state.md.us)  
Website: <http://www.dllr.state.md.us/employment/unemployment.shtml>  
Inquiry and Correspondence: 410-767-3246

Employer Information:

Baltimore area: 410-949-0033

Toll Free: 800-492-5524

Claimant Information:

Baltimore area and out of state: 410-949-0022

Toll Free inside MD: 800-827-4839

For Maryland Relay: Dial 711

## **Miscellaneous Employment Laws**

Other employment laws provide various protections for various classes of employees. These State laws relate to several prohibited practices that apply to employers' recruitment, hiring, and retention practices.

### **Medical Questions**

An employer may not require an applicant to answer any questions pertaining to any physical, psychological, or psychiatric condition that does not have a direct, material, and timely relationship to the applicant's capacity to properly perform the responsibilities of the job.

### **Day of Rest**

Most retail employees may choose, as a day of rest, Sunday or the Sabbath of the employee, after giving written notice to the employer.

### **Job Applicant Fairness**

Subject to specified exceptions, an employer may not use an applicant's or employee's credit report or credit history in determining whether to deny employment to the applicant, discharge the employee, or determine compensation or terms of employment. Employers may request or use an applicant's or employee's credit report or credit history after an offer of employment has been extended and if the information will not be used for a prohibited purpose; or the employer has a bona fide purpose for requesting the information that is substantially job-related and disclosed in writing to the employee or applicant.

### **Payments or Deduction from Wages for Tipped Employees**

An employer is prohibited from requiring a tipped employee from reimbursing the employer or pay to the employer the amount equivalent to a customer's charge for food or

beverages if the customer leaves the employer's place of business without paying for the food or beverages.

### **Employment Notices Required by State Law**

Employers in Maryland are required to post various notices about employment conditions and benefits for their employees. The following is a list of the laws that require employers to post notices:

- Employment of Minors;
- Equal Pay for Equal Work;
- Wages and Hours;
- Discrimination in Employment;
- Occupational Safety and Health;
- Unemployment Insurance; and
- Workers' Compensation Insurance.

### **Occupational Safety and Health Regulations**

The Division of Labor and Industry in the Department of Labor, Licensing, and Regulation regulates employment working conditions under its Occupational Safety and Health Program. The division also monitors and enforces safety conditions of amusement rides, elevators and escalators, and boiler and pressure vessels under its Safety Inspection Program.

### **Occupational Safety and Health**

The Maryland Occupational Safety and Health Administration (MOSH), established in 1973 to regulate the Occupational Safety and Health Program, sets regulations governing conditions, practices, and operations to ensure safe and healthful workplaces. In general, the unit adopts the federal Occupational Safety and Health Administration standards and may adopt regulations to address specific State challenges. The program is funded by a mixture of federal and special funds. In order to maintain federal approval and funding, Maryland's program must be at least as effective as the federal Occupational Safety and Health Administration's standards. Specific objectives of MOSH include:

- encouraging employers and employees to reduce safety and health hazards in the workplace;
- developing and promulgating occupational safety and health standards that reflect current trends in technology and emerging injury trends;
- developing effective compliance and enforcement programs;
- training and educating personnel for effective and equitable administration of occupational safety and health standards;
- maintaining an effective consultation program to assist employers to voluntarily comply with occupational safety and health standards;
- conducting research in the field of occupational safety and health; and
- maintaining effective and timely reporting procedures with respect to occupational safety and health.

### **MOSH Enforcement**

MOSH's Enforcement Unit is responsible for ensuring that employers meet their duty under the Maryland Occupational Safety and Health Act to provide a safe and healthful workplace for employees. Trained safety inspectors and industrial hygienists conduct unannounced on-site inspections to identify hazardous conditions and secure their timely correction. The scheduling of these general schedule inspections, based on total employment, lost workday cases, injury rates, and violation and inspection histories, is designed to impact those industries and workplaces with the highest proportion of hazards and violations. The unit also provides 24-hour response to, and conducts investigations of, fatalities, catastrophes, accidents, imminent danger situations, employee complaints, and professional referrals.

Private employers who violate the Act are subject to civil and criminal penalties. Generally, the penalty for a serious violation may not exceed \$7,000 for each violation. Penalties for failure to correct a violation may be up to \$7,000 for each calendar day that the violation continues beyond the stated abatement date; however, the penalty for a willful or repeated violation may be as much as \$70,000 for each violation. A willful violation that resulted in an employee death may result in an additional fine up to \$10,000 for the employer, imprisonment for up to six months, or both. All receipts collected from penalties are deposited into the general fund.

## **MOSH Outreach**

MOSH also conducts education and training seminars, both full and half day, across the State on over 30 various technical safety topics, some in both English and Spanish, such as: fall protection, blood borne pathogens, respiratory protection, construction safety, machine guarding, industrial hygiene, excavations and trenching, and permit required confined space.

Partnership, Alliances, and Recognition Programs are offered throughout the State to promote and further leading edge activities in the field of safety and health. These programs reach many employees and provide a way to share resources with the private and public sector. MOSH has over 50 such agreements that span government agencies, construction, manufacturing, and professional organizations.

MOSH provides free consultation services for private-sector employers; this service is separate from MOSH compliance and is funded nearly 90% by federal funds. The remainder is funded with special funds. Consultants assist private-sector employers, free-of-charge, to achieve voluntary compliance with the MOSH law and standards and regulations, and to improve safety and health in the workplace. At the request of an employer, a consultant conducts an on-site visit where no citations or penalties are issued, unless the employer does not abate an apparent hazard in the agreed upon timeframe. Highest priority is given to small, high-hazard employers. An employer may request a survey of an entire work site or a specific area of concern. When necessary, follow-up visits are made to ensure the correction of serious hazards.

Exhibit 2.3 shows the Maryland MOSH's activities for calendar 2013. In calendar 2013, 1,504 enforcement inspections and 664 interventions were conducted by MOSH across the State.

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**Exhibit 2.3**  
**Maryland Occupational Safety and Health Activities**  
**Calendar 2013**

Number of hazards abated in all construction Standard Industrial Classifications (SICs)	3,808
Number of employees removed from exposure in construction SICs	44,000
Number of hazards abated in all manufacturing SICs	689
Number of employees removed from manufacturing SICs	8,287
Number of individuals attending safety and health seminars	5,868
Percent of individuals who rate overall services received satisfactory	92.5%
Number of consultation visits conducted	340
Percent of employers who rate consultation services received as satisfactory	100%

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For further information contact:

Maryland Occupational Safety and Health Administration  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 606  
Baltimore, Maryland 21201  
410-767-2215  
Maryland Website: <http://www.dllr.state.md.us/labor/mosh>  
Federal Website: <http://www.osha.gov/>

### **Safety Inspections**

The Safety Inspection Program under the Division of Labor and Industry oversees the Amusement Ride Safety Law, the Elevator and Escalator Safety Law, the Railroad Safety and Health Law, and the Maryland Boiler Pressure and Safety Act.

#### **Amusement Ride Safety**

The Commissioner of Labor and Industry administers and enforces the Amusement Ride Safety Law, which affects amusement rides and attractions erected permanently or temporarily at carnivals, fairs, and amusement parks.

Both a certificate of inspection issued by the commissioner and proof of insurance are required to operate amusement rides or attractions in Maryland. The insurance policy may be obtained from any insurer or surety acceptable to the Maryland Insurance

Commissioner, and must provide coverage against liability that arises out of the use of an amusement attraction (at least \$350,000 for mechanical rides and a minimum of \$200,000 for nonmechanical rides).

Before a ride or attraction may be placed in operation, the owner or operator must notify the commissioner in writing that the ride or attraction is ready for inspection, and must supply information about the type of ride or attraction and the location and dates of operation. A current certificate of insurance must be on file with the commissioner.

A certificate of inspection issued by the commissioner for a ride or attraction in an amusement park is valid for not more than one year from the date issued. Certificates for rides and attractions at fairs and carnivals are valid only for 30 days. Each time a ride or noninflatable attraction is dismantled and moved to a new location, it must be inspected and issued a new certificate.

The division inspected 5,692 amusement rides in calendar 2012, and 5,424 in calendar 2013.

For further information contact:

Amusement Attraction Inspections  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 601  
Baltimore, Maryland 21201  
410-767-2348  
Website: <http://www.dllr.state.md.us/labor/safety/amus.shtml>

### **Elevator and Escalator Safety**

The Elevator and Escalator Safety Inspection Program is responsible for ensuring that all elevator units operating in Maryland are tested and inspected in accordance with Maryland law and regulations. State inspectors perform inspections on newly installed and publicly owned elevator units. State inspectors also perform accident and complaint investigations. Owners of private elevator units must hire an authorized third-party qualified elevator inspector to perform the required periodic inspections. Inspections are conducted in accordance with the American Society of Mechanical Engineers Safety Code for Elevators and Escalators, the Safety Code for Platform Lifts and Stairway Chairlifts, and the American National Standard Safety Code for Personnel Hoists and Employee Elevators for Construction and Demolition Operations.

Except private residential cliffside elevators, all elevators are inspected annually, with certificates of inspection issued by the program. State law requires that owners of elevator units operating in Maryland register with the division annually. State law also provides specific size requirements to accommodate a 6’8” rescue litter and requires certain actions with regard to smoking.

The program performed 13,160 total elevator inspections in calendar 2012 and 11,095 in calendar 2013. Elevator accident and complaint investigations totaled 53 in calendar 2012 and 53 in calendar 2013.

For further information contact:

Elevator and Escalator Safety  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 601  
Baltimore, Maryland 21201  
410-767-2339  
Website: <http://www.dllr.state.md.us/labor/safety/elev.shtml>

### **Boiler and Pressure Vessel Safety**

The Boiler and Pressure Vessel Safety Inspection Unit inspects boilers and pressure vessels used in commercial establishments, places of public gathering, and apartment buildings with six or more units.

The Maryland Boiler Pressure and Safety Act establishes rules and regulations that conform to the Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers. All new and existing boilers must meet the requirements of the American Society of Mechanical Engineers code and have an inspection certificate issued by an authorized boiler inspector. Higher pressure boilers are required to be inspected yearly, while low pressure boilers and pressure vessels require inspection every two years. Each inspection involves not only a detailed examination of the existing condition of the pressure envelope and associated equipment, but also a thorough review of the practices employed in daily operation by the owner, along with a check of the operator’s knowledge and ability. All inspections must be performed by an inspector commissioned by the National Board of Boiler and Pressure Vessel Inspectors. Approximately 126 insurance company inspectors are authorized to conduct inspections in addition to 5 inspectors on staff with the division. Owners who have obtained insurance coverage on their boilers or pressure vessels should expect their insurance company to conduct the necessary inspections. The unit conducted 4,967 boiler and pressure vessel inspections in calendar 2012 and 5,157 inspections in calendar 2013. Private-sector insurance company inspectors

conducted 28,538 boiler and pressure vessel inspections in calendar 2012 and 29,427 inspections in calendar 2013.

For further information contact:

Boiler and Pressure Vessel Safety  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 601  
Baltimore, Maryland 21201  
410-767-2990  
Website: <http://www.dllr.state.md.us/labor/safety/boil.shtml>

## Chapter 3. Environmental Protection, Health, and Safety

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The Maryland Department of the Environment's primary mission is to protect and restore the quality of Maryland's air, water, and land resources while fostering smart growth, economic development, healthy and safe communities, and quality environmental education. The department works to achieve the State's environmental goals with enhanced customer service, regulatory flexibility, and permit streamlining.

The department provides several services geared toward helping businesses and residents comply with State environmental laws and regulations, including online guidance on environmental permits and approvals and a searchable online database that enables individuals to view permit application notices online (searchable by project name, city, county, zip code, applicant name, or type of application).

For further information contact:

Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3000  
Toll Free: 800-633-6101  
Website: <http://www.mde.state.md.us/>

A brief description of the regulatory functions of this State agency along with a summary of air, water, and land regulations are presented in this chapter. This chapter concludes with a review of the department's enforcement and compliance role.

Through the following administrations, the department regulates residential and commercial activities that can potentially affect the quality of the State's environment:

- Air and Radiation Management Administration;
- Water Management Administration; and
- Land Management Administration.

The permits, licenses, registrations, approvals, and certifications that these administrations require are described below.

## **Air and Radiation Management**

The mission of the department's Air and Radiation Management Administration is to improve and maintain air quality and control sources of radiation to protect the health and welfare of the people and the environment of Maryland while providing for enhanced community service and economic development. The regulatory activities of the administration include:

- monitoring air quality from various sources;
- assisting businesses to understand and meet requirements of State and federal air quality and radiological health laws and regulations;
- inspecting equipment having the potential to cause air pollution or to emit radiation and investigating and resolving complaints;
- issuing permits and licenses required for medical, industrial, commercial, and institutional facilities;
- reducing air pollution from motor vehicles by establishing and enforcing standards; and
- training various workers and supervisors.

The State participates in the Regional Greenhouse Gas Initiative. To implement statutory emissions limitations, the administration sets emissions budgets for affected power plants and monitors compliance.

Maryland had approximately 12,000 registered or permitted sources of air emissions in fiscal 2013; approximately 200 of these sources emit more than 95% of all pollutants emitted from stationary sources. In addition, numerous potential sources of lower levels of pollution are not required to be registered or permitted by the department. The department received over 400 air quality complaints in fiscal 2013.

### **Facility Permits and Approvals**

The administration issues six types of permits or approvals for various types of facilities that may have an impact on the State's air quality. Some facilities may require more than one permit or approval.

#### **Air Quality General Permit to Construct**

An air quality general permit to construct is a generic permit issued to businesses that are similar in operation, equipment installation, and low-scale emissions

characteristics. This one-time permit is required before construction, installation, or modification of equipment and does not require follow-up monitoring. General permits with standardized permit conditions have been established for businesses with perchloroethylene dry cleaning equipment, charbroilers, pit barbecues, small fuel burning equipment, sheetfed nonheatset lithographic printing presses, small stationary gasoline storage tanks, groundwater air stripper/soil vapor extraction systems, vehicle refinishing, medium fuel burning equipment, and ready-mix concrete batch plants.

### **Air Quality Permit to Construct**

Requiring a business to secure an air quality permit to construct ensures that any new, modified, replaced, or relocated source of air emissions complies with all air quality requirements. Any operation or equipment that discharges emissions to the outside air needs an air quality permit to construct. Examples of these types of operations or equipment include coating and painting operations; asphalt plants; incinerators; quarry operations; paint spray booths; chemical-processing equipment; fuel-burning equipment; and printing presses.

### **New Source Review Approval**

Portions of Maryland are designated as nonattainment areas for ozone and fine particulate matter, meaning that levels of these pollutants in the ambient air occasionally exceed federal air quality standards. Any new or modified major stationary source that will discharge significant amounts of volatile organic compounds, oxides of nitrogen, or fine particulate matter must obtain a New Source Review approval from the administration prior to construction. The primary purpose for this approval is to ensure that these major sources will not worsen existing ozone or fine particulate matter levels or impede the State's efforts to achieve compliance with the federal ozone and fine particulate standard.

### **Prevention of Significant Deterioration Approval**

To prevent significant deterioration of ambient air quality in areas where the State has achieved the National Ambient Air Quality Standards, the Prevention of Significant Deterioration approval seeks to limit the amount of air pollutants released by a new or modified facility proposing to locate in an area that meets the federal air quality standards.

### **Air Quality State Permit to Operate**

Operators of certain air pollution sources – those that have the greatest potential to cause air pollution (such as incinerators, large boilers, and some types of manufacturing

equipment) – are required to obtain an annual operating permit. Such permits impose monitoring, recordkeeping, and reporting requirements on sources to ensure compliance.

### **Part 70 (Title V) Operating Permit**

Title V of the Clean Air Act, as amended in 1990, includes an operating permit program whose purpose is to combine, into a single document, all the State and federal air quality requirements applicable to a facility. Title V does not impose any new substantive requirements above the State requirements. Approximately one-third of those sources required to have a State permit to operate are also required to have a Part 70 permit. In these cases, a single permit is issued.

### **Occupational Licensing and Registration**

The administration licenses or registers several types of businesses and practitioners, including asbestos contractors, asbestos training providers, incineration operators, vehicle emission inspection stations, and facilities that handle radioactive materials or radiation machines.

#### **Asbestos Contractor License**

Businesses, contractors, and others engaged in any activity involving the disturbance of friable asbestos must apply for an asbestos contractor license. In fiscal 2013, there were 145 licensed asbestos contractors. Projects undertaken by regulated companies are routinely inspected to ensure compliance with federal, State, and local regulations that are protective of public health. Approximately 25% to 30% of all asbestos projects in Maryland are subject to federal program requirements.

#### **Asbestos Training Provider Approval**

The administration has developed approval procedures to ensure that asbestos trainers meet certain standards. Persons who want to become a Maryland-approved training provider must apply for approval – 19 training provider approvals were in effect in fiscal 2013. The administration has approved criteria for seven initial training courses: worker, foreign language worker, supervisor, inspector, management planner, project designer, and operations and maintenance.

### **Incinerator Operator Certification and Training Course Approval**

All incinerator operators are required to be properly trained and certified prior to the operation of any incinerator. Incinerator operators must receive certification from a training course provider approved by the administration. The administration certifies four types of operators according to waste type – special medical and industrial waste, sewage sludge, municipal waste, and hazardous waste.

### **Vehicle Emissions Inspection License and Certification**

The administration regulates vehicle emissions inspection activities by (1) issuing licenses to fleet owners to perform official emissions inspections on their vehicles; (2) certifying technicians who work at fleet inspection stations or at certified emissions repair facilities; and (3) certifying motor vehicle repair facilities that make emissions-related repairs. At the end of calendar 2013, there were 37 licensed fleet inspection stations, 323 certified technicians, and 153 certified emissions repair facilities.

### **Radiation/Radioactive Materials Registration and License**

The administration performs a variety of regulatory activities relating to radiation facilities and radioactive materials, including (1) registering all facilities in which a radiation machine will be used and licensing all facilities that possess or use radioactive materials; (2) ensuring that all radiation machines in Maryland perform properly; (3) licensing individuals to inspect x-ray machines; and (4) registering x-ray machine service providers. At the end of fiscal 2013, 553 facilities were licensed to handle various types of radioactive materials; 5,038 facilities were registered to operate radiation machines; and 72 x-ray machine inspectors were licensed.

### **Reciprocal Recognition of Out-of-state Radioactive Material License**

As a U.S. Nuclear Regulatory Commission agreement state, Maryland is obliged to recognize a radioactive material license issued by the commission or by other states within the agreement to licensees with out-of-state facilities. The licensee must, however, meet procedural requirements for working in Maryland, obtain an authorization letter from the Radiological Health Program within the department, pay a reciprocity fee, and notify the Radiological Health Program immediately before and after working in the State. In fiscal 2013, 52 out-of-state companies were recognized under reciprocity for work in Maryland.

## **Regional Greenhouse Gas Initiative**

The Regional Greenhouse Gas Initiative (RGGI) is a regional cap-and-trade program, consisting of nine Northeastern and Mid-Atlantic participating states, designed to reduce carbon dioxide (CO<sub>2</sub>) emissions from specified power plants (fossil fuel-fired electricity generating units with a rated capacity equal to or greater than 25 megawatts). RGGI was created through a Memorandum of Understanding signed by the states of Connecticut, Delaware, Maine, New Hampshire, New York, and Vermont in 2005; Maryland, Massachusetts, and Rhode Island signed in 2007.

Under RGGI, each state is allocated a certain number of tradable CO<sub>2</sub> allowances (permits to emit one ton of CO<sub>2</sub>) that serve as the state's respective share of a yearly regional "cap" on CO<sub>2</sub> emissions. The affected power plants within the participating states need to obtain sufficient numbers of allowances to cover their emissions to be in compliance. The regional cap is 91 million short tons in 2014, and is subject to additional annual 2.5% downward adjustments from 2015 through 2020. The cap was reduced significantly (from 165 million short tons in 2013), following a 2012 program review, to more closely reflect current emissions levels. Since the beginning of the program, the CO<sub>2</sub> emissions from the affected power plants were below the regional cap through 2013 due to reasons including reduced electricity demand due to weather and other factors and greater use of natural gas for electricity generation due to low natural gas prices.

RGGI is implemented through individual CO<sub>2</sub> emissions trading programs each state established by regulation and/or statutory authority. A regional administrative and technical support organization, RGGI, Inc., is funded by the participating states to administer the program; the organization has no regulatory or enforcement authority. Each affected power plant must comply with the program of the state in which it is located and is subject to that state's regulatory and enforcement authority. The power plants, however, may use CO<sub>2</sub> allowances from any of the participating states to demonstrate compliance with a given state's program, creating a regional market for the allowances. The RGGI CO<sub>2</sub> Allowance Tracking System, an electronic platform that performs various functions including the tracking of allowances and affected power plants' emissions, allows the individual states to monitor plants' compliance with their state programs. The state programs operate on a three-year compliance period, meaning that affected power plants must have a sufficient number of allowances at the end of each three-year period to cover the plants' emissions during that period. In Maryland, the administration sets emissions budgets for affected power plants and monitors compliance.

Quarterly auctions are conducted in a uniform price (all allowances are sold at the same price), sealed bid format. Generally, the allowances are sold at a clearing price equal

to the price offered by the lowest-price bidders. Since the auctions began and through the twenty-fifth quarterly auction held in September 2014, the participating states generated a total of \$1.8 billion in revenue from the sale of allowances to entities that need the allowances for compliance. Maryland's cumulative revenues during that time totaled \$382.5 million. In Maryland, the majority of the State's auction revenue has been directed toward consumer energy bill assistance (both low-income energy bill assistance programs administered by the Department of Human Resources and rate relief for residential electricity customers in general, administered by the Public Service Commission), with the remainder directed generally toward energy efficiency, renewable energy, and other greenhouse gas reduction programs and Maryland Energy Administration administrative expenses. The Maryland Department of the Environment anticipates that Maryland's portion of additional revenues over the course of calendar 2014 to 2020 to be \$415.4 million.

For further information contact:

Air and Radiation Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3255  
Toll Free: 800-633-6101  
Website: <http://www.mde.state.md.us/>

## **Water Management**

The mission of the department's Water Management Administration is to restore and maintain the quality of the State's ground and surface waters and to plan for and supervise the development and conservation of the State's waters. The administration manages a broad range of activities, including:

- regulating municipal wastewater treatment systems;
- regulating the use and development of the State's water resources, public water supplies, and on-site residential sanitation systems;
- regulating well-drilling and industrial pretreatment;
- providing technical assistance for water and wastewater utilities;
- approving erosion/sediment control and stormwater management plans;
- issuing permits for stormwater and dams; and
- protecting and managing tidal and nontidal wetlands and waters.

The permits and licenses issued by the administration are listed below. Some may also require federal approval, and compliance with certain permit requirements (*e.g.*, stormwater management) may be locally administered or enforced.

## **Water Quality**

One of the administration's primary responsibilities is regulating the amount of nutrients and pollutants that are discharged into ground and surface waters through the issuance of permits and the enforcement of permit requirements.

### **Surface Water Discharge Permit (Industrial and Municipal)**

The surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for industrial and municipal facilities that discharge to State surface waters and is designed to meet federal effluent guidelines when applicable and ensure that the discharge satisfies State water quality standards. Among those requiring a municipal permit are cities, counties, federal facilities, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters. At the end of fiscal 2013, 12,224 State and federal discharge permits were in effect.

### **Industrial Wastewater/Stormwater General Discharge Permit**

This generic permit is issued for categories of business activities that are generally very similar in their wastewater characteristics. The administration has established a general permit with standardized permit conditions for (1) stormwater associated with industrial activities; (2) seafood processors; (3) hydrostatic testing of tanks and pipes; (4) marinas; and (5) swimming pools and spas.

### **Pretreatment (Industrial)**

Through the Pretreatment Program, the administration oversees 20 local pretreatment programs for 187 industrial facilities that discharge wastewater to publicly owned treatment facilities. Under this program, local governments issue industrial discharge permits, conduct inspections, and assess penalties against violators. If an industrial user discharges to a treatment facility in an area of the State that does not have a local program, the department issues the pretreatment permit. At the end of fiscal 2013, four permits were issued to industrial users discharging to nondelegated treatment facilities.

### **Groundwater Discharge Permit (Industrial or Municipal)**

The groundwater discharge permit is issued to control the disposal of treated municipal or industrial wastewater into the State's groundwater via spray irrigation or other land-treatment applications, as well as discharge into the subsurface by a drainfield or seepage pit. Approximately 223 facilities were permitted in fiscal 2013.

### **Toxic Materials Permit**

A toxic materials permit is required for any homeowner, farmer, local government, or other person who wants to control aquatic life in ponds, ditches, or waterways by the deliberate use of toxic chemicals (*e.g.*, mosquito control, algae removal).

### **Municipal Separate Storm Sewer Permit**

A municipal separate storm sewer permit is required for owners of municipal storm sewer systems serving large, medium, and small municipalities. A large municipality has a population of 250,000 or more and a medium municipality has a population between 100,000 and 250,000. There are several criteria that govern which small municipalities are required to seek coverage under this permit, including a municipality's population and density. The following jurisdictions in Maryland are considered large municipalities: Anne Arundel, Baltimore, Montgomery, and Prince George's counties and Baltimore City. Carroll, Charles, Frederick, Harford, and Howard counties are considered medium municipalities. The administration maintains a list of jurisdictions considered small municipalities for stormwater purposes on the department's website.

### **Waterworks and Waste System Operator Certification**

The State Board of Waterworks and Waste Systems Operators seeks to ensure that the quality of water in which wastes are placed is regulated for the protection of public health and the prevention of pollution. A waterworks and waste system operator certification is required for operators and/or superintendents of water treatment plants, water distribution systems, wastewater treatment plants, wastewater collection systems, certain pretreatment facilities that discharge to sanitary sewers, and industrial wastewater facilities. At the end of calendar 2013, the board had certified 3,998 operators.

For further information contact:

State Board of Waterworks and Waste Systems Operators  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3167  
Toll Free: 800-633-6101  
Website: <http://www.mde.state.md.us/>

### **Permit for Stormwater Associated with a Construction Activity**

A general permit is required for all construction activity in Maryland with a planned total disturbance of one acre or more. Conditions of the permit include compliance with approved erosion and sediment control and stormwater management plans, compliance with water quality standards and Total Maximum Daily Loads, self-monitoring, and recordkeeping.

#### **Erosion/Sediment Control Plan Approval and Stormwater Management Plan Approval**

Maryland's erosion and sediment control and stormwater management programs seek to reduce stream channel erosion, pollution, siltation, and local flooding caused by land use changes associated with urbanization. Erosion and sediment control plan approval is required, before construction, to prevent siltation due to releases of sediment (soil) from active construction sites. Erosion and sediment control plan approval is required for any construction activity that disturbs 5,000 square feet or more of soil or results in the excavation of 100 cubic yards or more of soil.

Stormwater management plan approval is required to mitigate adverse water quality and/or quantity impacts associated with new development by controlling the rate of stormwater runoff from newly developed areas generally through the use of environmental site design. Environmental site design involves small-scale practices, nonstructural techniques, and better site planning to mimic natural hydrologic runoff characteristics and minimize the impact of impervious surfaces from land development. Stormwater management plan approval is required for any new development project that disturbs 5,000 square feet or more of land. This plan approval may be obtained at the same time as the erosion and sediment control plan approval.

Enforcing compliance with these plans is a significant effort; 13,445 sites or facilities were subject to inspection for sediment control or stormwater plan compliance in fiscal 2013. Approximately 1,514 of these sites were inspected in fiscal 2013.

### **Responsible Person Training and Certification for Erosion and Sediment Control**

A “Responsible Person” certification ensures that field personnel are trained on techniques and standards that assist with field implementation of erosion and sediment controls.

## **Water Supply and Wetlands**

### **Water and Sewerage Construction Permit**

A water and sewerage construction permit is required before installing, extending, or modifying community water supply and/or sewerage systems including treatment plants, pumping stations, and major water mains and sanitary sewers. However, smaller scale activities, such as construction of a conventional septic tank or mound system, do not require this permit. In fiscal 2013, the Engineering and Capital Projects Program issued 124 water and sewerage construction permits; 402 water and sewerage construction permits were in effect at the end of that fiscal year.

### **Water Appropriation and Use Permit**

A water appropriation and use permit is required for any activity that withdraws water from the State’s surface and/or underground waters except as set forth below:

- fire extinguishing;
- agricultural use under 10,000 gallons per day;
- individual domestic use except withdrawals for heating and cooling;
- temporary dewatering during construction if expected to be less than 30 days and the average water use does not exceed 10,000 gallons per day; or
- use under 5,000 gallons per day (annual average) if certain conditions are met.

In fiscal 2013, 747 water appropriation permits were issued; 10,457 water appropriation permits were in effect at the end of that fiscal year.

### **Drinking Water Laboratory Certification**

A drinking water laboratory certification is required for both in-state and out-of-state laboratories that analyze drinking water samples for water systems in Maryland. This certification assures the reliability of the federal Safe Drinking Water Act compliance samples analyzed by State-certified laboratories. Performing the required sampling and testing of public water systems is the primary means of evaluating the safety of the drinking water supply. In calendar 2013, 108 laboratories were certified.

### **Well Driller License**

The State Board of Well Drillers ensures that the groundwater used for drinking water supplies is not contaminated by improper well construction activities and that the public is protected from unqualified or incompetent well drillers. The board issues licenses to persons who drill water supply and geotechnical wells or install water pumps or water conditioning equipment; 540 licenses to drill wells were in effect at the end of calendar 2013. Well drilling includes making, altering, repairing, or disconnecting well system equipment.

For further information contact:

State Board of Well Drillers  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3644  
Toll Free: 800-633-6101  
Website: <http://www.mde.state.md.us/>

### **Well Construction Permit**

A permit is required before installing any well that will explore for water, obtain or monitor groundwater, or inject water into any underground formation from which groundwater may be produced. County health departments generally issue these permits in coordination with the department.

### **Tidal Wetlands License and Permit**

The Tidal Wetlands Division is responsible for maintaining the reasonable use of tidal wetlands and furnishing essential resource protection. A tidal wetlands license or permit must be obtained before a person may dredge, fill, or otherwise alter a tidal wetland. The division issues permits directly for activities in privately owned wetlands; the Board of Public Works grants licenses for activities in State-owned wetlands based on recommendations from the division. Mitigation is required for unavoidable impacts. Through the issuance of a license or permit, the administration regulates the following activities that affect tidal wetlands:

- dredging;
- filling open water and vegetated wetlands;
- constructing piers and boat ramps;
- shoreline protection projects, including marsh creation, bulkheads, and revetments;
- cable crossings; and
- storm drain systems.

In fiscal 2013, 1,028 tidal wetlands licenses and permits were issued.

### **Marine Contractors License**

Chapter 286 of 2010 established a Marine Contractors Licensing Board to license and regulate individuals and entities that provide marine contractor services in the State. “Marine contractor services” means construction, demolition, installation, alteration, repair, or salvage activities located in, on, over, or under State or private tidal wetlands. Chapter 286 required an individual (or the entity they work for) that provides marine contractor services to register with the department by December 31, 2010. Registration is the precursor to licensing by the board. At the end of calendar 2013, there were 243 registered marine contractors; no marine contractor licenses have been issued as of the end of calendar 2013.

### **Nontidal Wetlands and Waterways Permit (Nontidal Wetlands)**

The Nontidal Wetlands Division manages nontidal wetlands (inland freshwater areas such as marshes or bogs) and protects essential water resources by authorizing only necessary and unavoidable impacts; mitigation is required for authorized impacts. In general, the following activities that disturb a nontidal wetland or its buffer require a nontidal wetlands and waterways permit:

- grading or filling;
- excavating or dredging;
- changing existing drainage or flood retention characteristics;
- disturbing the water level or water table; and
- destroying or removing vegetation.

### **Nontidal Wetlands and Waterways Permit (Waterways and 100-year Flood Plains)**

To prevent flooding or erosion and to maintain fish habitat and migration, a nontidal wetlands and waterways permit is required for construction or repair of the following projects in a waterway or a 100-year flood plain:

- dams and reservoirs;
- bridges and culverts;
- excavation, filling, or construction;
- channelization;
- change in the course, current, or cross-section of any stream; and
- temporary construction (*e.g.*, utility lines).

The administration issued 850 nontidal wetlands and waterways permits in fiscal 2013.

### **Dam Safety Permit**

The Maryland Dam Safety Division issues waterway construction permits for new dams and ponds, as well as modifications to existing water impoundments, to prevent dam failures and related impacts (*e.g.*, loss of life or property or environmental damage). In fiscal 2013, there were 602 dam safety permits in effect.

For further information contact:

Water Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3597  
Toll Free: 800-633-6101

Website: <http://www.mde.state.md.us/>

## **Land Management**

The mission of the department's Land Management Administration is to protect and restore Maryland's land and water resources by reducing the quantity and toxicity of generated wastes through recycling and source reduction, ensuring the control and proper disposal of waste, managing lead paint compliance activities, ensuring that oil is handled in an environmentally safe manner, ensuring that contaminated sites are remediated for viable economic development, and regulating mining activities and mitigation problems associated with abandoned mines. This is achieved by maintaining a highly visible presence in the regulated community, providing assistance to stakeholders, and developing long-term strategies for waste management needs. The regulatory activities of the administration include:

- permitting facilities and conducting compliance inspections at over 30,000 locations to ensure proper management of solid waste, hazardous waste, sewage sludge, petroleum products, medical waste, lead, and scrap tires;
- remediating leaking underground storage tank sites and enforcing laws pertaining to the proper installation and operation of over 3,000 underground storage tank facilities;
- implementing a "Superfund" program to assess suspected hazardous waste sites, including federal facilities, to eliminate environmental and public health threats through removal and remedial actions;
- administering a voluntary program to encourage the cleanup, reuse, and redevelopment of abandoned, contaminated industrial and commercial properties (referred to as "Brownfields"); and
- facilitating planning and tracking of the generation and disposal of low-level radioactive waste, and encouraging regional management.

The administration also enforces Maryland's lead paint abatement regulations, inspects vehicles that carry hazardous materials, and directs local planning and integrated solid waste management strategies to encourage waste minimization, recycling, incineration with energy recovery, and landfilling. Conducting outreach to regulated businesses regarding pollution prevention and educating residents about waste management are also activities of the administration.

The permits, licenses, and certifications issued by the administration are discussed below, according to program.

## **Solid Waste Program**

The Solid Waste Program oversees disposal and handling of domestic, commercial, and nonhazardous industrial solid waste. In calendar 2012, over eight million tons of solid waste was managed by Maryland facilities, of which 18% was recycled or reused, 30% was landfilled, and 17% was incinerated. The remainder was exported out of state or stored. Several of the activities described below require other types of State permits and local government approval. Public input is usually solicited to determine and address any community concerns before a permit is issued.

### **Refuse Disposal Permit**

Any person who installs, materially alters, or extends a refuse disposal system must obtain a refuse disposal permit. Refuse disposal systems that require this permit include municipal landfills; land-clearing debris landfills; industrial landfills; rubble landfills; municipal and special medical wastes incinerators; waste transfer stations; and waste processing facilities. In fiscal 2013, 101 refuse disposal permits were in effect.

### **Groundwater Discharge Permit for Rubble Landfills**

A groundwater discharge permit, along with a refuse disposal permit, includes limitations and requirements deemed necessary to protect public health and minimize groundwater pollution. A groundwater discharge permit for rubble landfills regulates the discharge of pollutants that may be generated as a result of rainwater or groundwater passing through the rubble waste in an unlined disposal cell and seeping into groundwater beneath the landfill. Rubble waste consists primarily of waste resulting from construction and demolition activities and land-clearing debris.

Because all rubble landfills constructed after July 1, 2001, are required to have liners and leachate collection systems, groundwater discharge permits are no longer required for recently constructed rubble landfills. However, previously existing unlined rubble landfills are required to maintain these permits until such time as the administration determines that a regulated discharge is no longer occurring. In fiscal 2013, 19 groundwater discharge permits were in effect.

### **Natural Wood Waste Recycling Facility Permit**

A natural wood waste recycling facility general permit assures the proper management and recycling of natural wood wastes such as tree limbs and stumps, brush, root mats, logs, leaves, and grass clippings that are generated when land is cleared for construction purposes. This permit is required for those persons who construct and operate natural wood waste recycling facilities. There were 36 natural wood waste recycling facilities licensed to operate in fiscal 2013. Facilities operated by a business that provides recycling services solely for its employees or for its own recyclable materials generated on its own premises are exempt.

### **Oil Control Program**

#### **Oil Operations Permit**

Any person who stores more than 10,000 gallons of oil in an above-ground tank, stores 1,000 gallons of used oil, transports oil, or operates an oil transfer facility must obtain an oil operations permit. The administration issued 275 permits in fiscal 2013; 1,285 permits were in effect at the end of fiscal 2013. Any person who stores less than 10,000 gallons or 1,000 gallons of used oil is exempt from this requirement but is not exempt from spill reporting, construction, and other regulatory standards or procedures.

An oil operations permit for treatment of oil contaminated soils is required for anyone who stores and treats oil contaminated soil. Typical treatment technologies include thermal desorption, physical/chemical stabilization, brick manufacturing, and a variety of biological treatments.

#### **Oil Transfer License**

An oil transfer license is required for any person who transfers oil (all volumes) in larger than 55-gallon drums into Maryland. Funds received from the oil transfer license fee are used to fund the State's oil control and spill response activities and to reimburse underground storage tank owners or operators for costs incurred for the cleanup of contaminated sites. At the end of fiscal 2013, 290 oil transfer licenses were in effect.

#### **Oil Control Program General Wastewater Discharge Permit**

A general permit for wastewater discharges (ground or surface water) from oil-related activities is issued to categories of business activities that are generally very similar in their wastewater characteristics. In fiscal 2013, 120 general wastewater

discharge permits were in effect. General permits with standardized permit conditions have been established for:

- stormwater and hydrostatic test water from oil terminals for terminals without pipeline or marine facilities and less than 5 million gallons total storage capacity; and
- remediated groundwater from petroleum contaminated groundwater sources.

### **Surface Water Discharge Permit for Oil Terminals**

A surface water discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State surface waters. There were 14 surface water discharge permits in effect in fiscal 2013.

### **Groundwater Discharge Permit for Oil Terminals**

A groundwater discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State groundwaters. Oil terminals receiving oil by pipeline or marine transfer that have greater than 5 million gallons of storage capacity must apply. In fiscal 2013, there were no groundwater discharge permits for oil terminals in effect.

### **Underground Storage Tank Technician, Remover, or Inspector Certification**

To protect groundwater from leaks caused by improperly removed or installed underground storage tanks or noncompliant underground storage tanks, any individual who removes, installs, upgrades, repairs, retrofits, or inspects an underground storage tank must be certified. Some plumbers may also be required to obtain this certification. In fiscal 2013, 405 technicians/inspectors/removers were certified to work on underground storage tanks.

The owner, operator, or person in charge of an underground storage facility that stores regulated substances must notify the administration, in writing, of their intent to permanently close an underground storage tank 30 days prior to closure.

## **Waste Diversion and Utilization Program**

### **Sewage Sludge Utilization Permit**

A sewage sludge utilization permit is required for any person who treats, composts, transports, stores, distributes, applies to land, incinerates, conducts innovative or research projects, or disposes of sewage sludge or septage (effluent from septic tanks) in Maryland. In fiscal 2013, 708 sewage sludge utilization permits were in effect.

### **Scrap Tire Management Licenses and Approvals**

Any person who transports, collects, processes, recycles, disposes, or incinerates tires, or utilizes scrap tires as fuel must obtain the appropriate authorization. Over 3,100 facilities were licensed to haul, collect, store, recycle, or process scrap tires in fiscal 2013. The majority of licensees are haulers or general collection facilities. The necessary licenses or approvals are listed below:

- a Scrap Tire Hauler License for commercial businesses that transport more than five scrap tires annually to or from approved facilities;
- a Scrap Tire Collection Facility License for facilities that collect or accumulate scrap tires temporarily and transfer the tires to other licensed or approved scrap tire facilities – a general facility can accumulate no more than 50 tires at one time, while secondary and primary facilities can accumulate up to 1,500 tires at one time;
- a Scrap Tire Recycler License for facilities that recycle or process scrap tires into raw materials or marketable products;
- a Tire Derived Fuel or Substitute Fuel Facility Approval to utilize scrap tires (whole or chipped) as a fuel or supplemental fuel; and
- a Solid Waste Acceptance Facility Approval to authorize processing of scrap tires at permitted solid waste acceptance facilities (*e.g.*, incinerators or transfer stations).

The administration oversaw the cleanup of 56 tire stockpiles in fiscal 2013, resulting in the removal of over 21,362 tires; another 56 tire stockpiles were remaining at the end of fiscal 2013.

### **Controlled Hazardous Substance Facility Permit**

A controlled hazardous substance facility permit is required for the construction and operation of a facility used to treat, store, or dispose of hazardous waste. Twenty controlled hazardous substance facility permits were in effect in calendar 2013.

### **Hazardous Waste: Environmental Protection Agency Identification Number Assignment**

Generators, transporters, and facilities that treat, store, or dispose of hazardous waste are required to notify the U.S. Environmental Protection Agency (EPA) and the administration of the intent to generate, transport, and/or manage hazardous waste. Upon notification to the administration, an EPA identification number is assigned. In fiscal 2013, 422 EPA numbers were issued to Maryland facilities or transporters; 13,008 EPA numbers were effective at the end of that fiscal year.

### **Controlled Hazardous Substances Hauler, Vehicle, and Driver Certification**

To ensure the safe transport of hazardous wastes within Maryland, the administration regulates the movement of controlled hazardous substances by certifying controlled hazardous substance haulers, vehicles, and drivers, and by requiring manifests to track hazardous waste. Over 2,700 haulers, vehicles, and drivers were certified in fiscal 2013.

### **Special Medical Waste Hauler and Vehicle Certification**

To ensure the safe transport of medical wastes within Maryland, the administration regulates the movements of medical wastes by certifying haulers and vehicles. In fiscal 2013, 48 haulers and 566 vehicles were certified to transport medical waste.

### **Animal Feeding Operations Permit**

The administration established a general permit with standardized permit conditions for surface and groundwater discharges from concentrated animal feeding operations and Maryland animal feeding operations. In fiscal 2013, 579 operations have submitted a notice of intent to be covered under the general discharge permit and 346 operations were registered under the permit.

## **Lead Poisoning Prevention Program**

The Lead Poisoning Prevention Program serves as the coordinating agency for statewide efforts to eliminate childhood lead poisoning. Approximately 0.3% of all Maryland children tested in 2012 had elevated levels of lead, a decline from 2011. Historically, program staff has ensured compliance with mandatory requirements for lead risk reduction in rental units built before 1950. However, Chapter 387 of 2012 expanded the application of lead risk reduction requirements to rental units built between 1950 and 1978 beginning January 1, 2015 (these units must be registered with the department by December 31, 2014). At the end of fiscal 2013, there were 94,735 rental dwelling units registered with the program.

### **Lead Paint Accreditation**

The Lead Paint Accreditations Program oversees lead poisoning prevention activities that reduce the incidence of childhood lead poisoning. One of the program's activities includes the oversight of lead paint abatement work. This work includes any activity which eliminates or reduces lead paint hazards, including paint removal, replacement of components, encapsulation, repainting, or inspection. Any contractor, supervisor, or inspector engaging in such activities is required to be accredited through the program. At the end of fiscal 2013, 1,064 individuals held an accreditation.

### **Lead Paint Training and Instructor Approvals**

Providers of training for persons involved in the abatement of lead paint – workers, supervisors, inspectors, and risk assessors – must employ instructors and conduct training courses that are accredited by the administration.

In fiscal 2013, the administration issued 68 accreditations to instructors and 32 accreditations to courses of instruction. A total of 656 individuals completed an approved training course during that fiscal year.

## **Land Restoration Program**

The Voluntary Cleanup Program streamlines and provides certainty in the processes for cleaning up eligible properties contaminated by hazardous waste or oil. The program also provides liability limitations to certain responsible persons and future owners of eligible properties. The liability limitations provided to future owners are broader and are designed to encourage new investment in properties. A companion program, the Brownfields Revitalization Incentive Program administered by the Maryland Department

of Business and Economic Development, may provide financial incentives to certain sites in the cleanup program or those that are contaminated by oil.

As of calendar 2013, 249 properties had been cleaned up under the Voluntary Cleanup Program, and 106 cleanups were pending.

## **Mining Program**

The Minerals, Oil, and Gas Division, as well as the Bureau of Mines, within the administration, regulate mining and drilling activities. Maryland has over 700 million tons of coal reserves that are mined in Allegany and Garrett counties.

### **Coal Mining Permit**

A coal mining permit is required for surface coal mining, deep coal mining, prospecting, preparation plants, loading facilities, and refuse reclamation operations. Mining permit requirements are aimed at minimizing the impact of acid mine drainage, which can seriously impair water quality and aquatic habitat. In fiscal 2013, 55 coal mining permits were in effect.

### **Coal Mining Operator License**

Maryland requires anyone responsible for a coal mining operation to obtain a mining operator license from the administration. The license ensures that coal mining operations meet the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements. Twenty-six operators were licensed in fiscal 2013.

### **Surface Coal Mining Blaster Certification**

The use of explosives on surface coal mining operations must be conducted under the direction of a certified blaster. A blaster is the person who is directly responsible for the use of explosives on surface coal mining operations. The blaster must be familiar with the blasting plan and site specific performance standards for the mining operations. In fiscal 2013, there were 37 certified blasters.

### **Surface Mining License**

Maryland requires anyone responsible for a surface mining operation to obtain a license from the administration. The license ensures that noncoal mining operations meet

the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

### **Noncoal Mining Permit**

To minimize the effects of noncoal mining activities (sand, gravel, clay, limestone, granite, shale, and dimension stone) on the environment, to provide proper land reclamation, and to ensure public safety, a permit is required to conduct surface mining. There were 310 permits in effect in fiscal 2013. The administration requires a performance bond of \$1,250 per acre to ensure that the land is restored properly.

### **Oil and Gas Exploration and Production**

Any person proposing to drill a well for oil or gas must first obtain a permit from the administration's Mining Program. Permits are also required for seismic operations and the operation of a gas storage facility. The review process evaluates the technical adequacy of the project, ensures sufficient environmental controls are employed, and assures citizens that property and mineral interests are protected. Twenty-three permits were issued in fiscal 2013; at the end of that fiscal year, there were 93 oil and gas exploration and production permits in effect.

For further information contact:

Land Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
410-537-3304  
Toll Free: 800-633-6101  
Website: <http://www.mde.state.md.us/>

### **Enforcement and Compliance**

The department imposes penalties and takes enforcement actions that appropriately address and adequately punish any violations found. The department's coordinated enforcement and compliance effort seeks compliance with all legal requirements and encourages business practices that foster active pollution prevention.

Through the enforcement of the laws and regulations that govern the actions of the department's programs, each program individually and collectively contributes to the

compliance process. In addition to State laws and regulations, federal rules and regulations also must be implemented. In many instances, an individual company or industrial facility may fall under the jurisdiction of several environmental programs at the federal, State, or local level. However, most enforcement programs share common functions, such as inspections and evaluations.

If an inspection reveals a violation, many programs have a discretionary component that allows a company to fix a minor problem without the risk of a fine or civil or criminal action. More serious action is undertaken in the form of fines and shutdowns. In some cases, criminal sanctions may be initiated by the department if an inspection reveals a significant violation or if a minor problem indicates a pattern of noncompliance and develops into an ongoing significant violation.

The Science Services Administration in the department and the Environmental Crimes Unit in the Attorney General's Office also provide compliance and enforcement assistance. The administration provides technical analysis, scientific support, and risk assessment guidance to all of the department's programs, including those responsible for enforcement and compliance activities. The unit, which is part of the Criminal Investigation Division of the Attorney General's Office, investigates potential violations of Maryland's criminal environmental statutes and regulations. When appropriate, the unit files criminal charges to prosecute offenders. In fiscal 2013, the unit opened 56 criminal investigations and initiated 39 prosecutions – of which all were completed.

The department is required by statute to report compliance activity data about its enforcement activity at facilities that are subject to regulation. Exhibits 3.1 and 3.2 provide summaries of the department's various fiscal 2013 compliance performance measurements required under statute and the fines collected under Section 1-301(d) of the Environment Article.

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**Exhibit 3.1**  
**Maryland Department of the Environment**  
**Compliance Activity Performance Measurements**  
**Fiscal 2013**

Permitted Sites and Facilities	
Permits/Licenses Issued	8,405
Permits/Licenses in Effect	92,537
Other Regulated Sites and Facilities	160,223
Inspections	
Sites Inspected	39,458
Inspections, Audits, Spot Checks	118,836
Enforcement Actions	
Compliance Assistance Rendered	18,200
Enforcement Actions Taken	2,280
Penalties	
Amount of Penalties Obtained*	\$5,878,392

\*This number reflects all fines collected by the department (Exhibit 3.2 shows the portion of these fines that were deposited in specific funds).

Source: Maryland Department of the Environment, *FY 2013 Annual Enforcement and Compliance Report*

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**Exhibit 3.2**  
**Fines Collected for Enforcement Actions\***  
**Fiscal 2013**

Clean Air Fund	\$366,182
Clean Water Fund	4,569,427
Hazardous Substance Control Fund (HSCF)	41,800
Recoveries for Expenditures from HSCF (Environment Article under Section 7-221)	146,643
Nontidal Wetland Compensation Fund	36,527
Oil Disaster Containment, Clean Up, and Contingency Fund	<u>278,175</u>
Total	\$5,438,754

\*Only includes those funds required to be reported by the Environment Article under Section 1-301(d). An additional \$439,638 in fine revenue was collected by the department but not deposited in these specific funds.

Source: Maryland Department of the Environment, *FY 2013 Annual Enforcement and Compliance Report*

For further information contact:

Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
Science Services Administration: 410-537-3572  
Environmental Crimes Unit: 410-537-3025  
Website: <http://www.mde.state.md.us/>

## Chapter 4. Consumer Protection

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Maryland consumer protection laws establish standards and rights to promote a competitive, free, and honest marketplace. Specifically, the Maryland Consumer Protection Act was enacted to ensure that consumers are not deceived, or provided with false or misleading information, when purchasing or using consumer goods, services, credit, or real estate. The Act sets certain minimum standards for the protection of consumers across the State. This chapter describes some of the laws concerning consumer protection, the regulatory agency with the primary responsibility for enforcing them, and the penalties that may apply to violators of these laws.

### Regulatory Authority

Consumer protection laws in Maryland are enforced generally by the Consumer Protection Division of the Office of the Attorney General. Other agencies also have some responsibility for enforcing certain consumer protection laws. The Division of Financial Regulation, under the direction of the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation, for example, has a role in enforcing the consumer credit laws and consumer motor vehicle leasing contracts laws and the Secretary of State regulates charitable fundraising entities.

The Consumer Protection Division, created in 1967, enforces the State consumer protection laws against those who commit unfair or deceptive trade practices. An unfair or deceptive trade practice includes (1) making false or misleading oral or written statements that misrepresent the quality, sponsorship, or nature of any consumer goods, realty, or services; (2) failing to state a material fact if the failure deceives or tends to deceive; and (3) advertising or offering goods in a manner that does not conform with actual intent or form of sale.

The division's responsibilities include:

- mediating complaints through a unit comprised of professional supervisors and trained volunteers;
- providing a unique voluntary binding arbitration program;
- seeking restitution for consumers, civil penalties, and costs through administrative hearings and court proceedings;
- making policy recommendations to the Governor and the General Assembly;
- assisting, developing, and conducting programs of consumer education and information through publications and other materials prepared for the public;

- undertaking activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the promotion and sale of consumer goods and services;
- protecting the public from fraudulent schemes and promotions;
- reporting to other law enforcement authorities information about violation of the laws affecting consumers;
- enforcing registration requirements for home builders operating in the State;
- enforcing registration and bonding requirements for health clubs operating in the State;
- educating consumers about identity theft and the foreclosure and loan modification processes; and
- promoting the interests of consumers of health care goods and products by mediating consumer complaints and assisting consumers in filing grievances with their insurance carrier's internal grievance process.

Further, as part of the division, a Consumer Council, founded in 1974, advises the division, undertakes studies and reports, and fosters cooperation among federal, State and local agencies, and private groups. The council includes representatives of consumer interests, business interests, and the public.

The division operates through the following units:

- Home Builder Registration Unit;
- Health Club Unit;
- Health Education and Advocacy Unit;
- Identity Theft Unit;
- Mortgage Foreclosure Unit;
- Enforcement Unit;
- Education Unit;
- Mediation Unit; and
- Arbitration Unit.

The Home Builder Registration Unit, described in Chapter 14 of this handbook, registers home builders and home builder sales representatives and ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws. The unit also administers the Home Builder Guaranty Fund, which provides compensation to purchasers of new homes who suffer actual losses as a result of construction defects that have not yet been resolved by their builders. The Health Club Unit registers health clubs and ensures that they are properly bonded.

The Health Education and Advocacy Unit assists health care consumers in understanding their health care bills; assists patients with health equipment warranty issues; mediates patient disputes with health care providers; and assists patients in filing grievances under their health insurance carrier's internal grievance process. Health insurers must notify their insureds that the unit is available to assist if a consumer wishes to appeal a denial of coverage (refusal to cover a medical procedure or to pay a medical service that has already been provided). The unit also educates and assists consumers regarding enrollment in health insurance through the Maryland Health Benefit Exchange and qualifying for advanced premium tax credits and cost-sharing subsidies under the Federal Patient Protection and Affordable Care Act. Patients appealing an insurer's decision may obtain assistance by calling the unit's toll-free hotline (provided at the end of this chapter) or by filing a complaint online or by mail. The unit conducts several outreach programs to patient and provider organizations to increase public awareness of patient and provider rights and of the resources provided by the unit. When necessary, the unit will file a formal written grievance with a health insurer or the Exchange on behalf of a patient. If the insurer continues to deny a claim at the conclusion of the grievance process, and the patient or health care provider wishes to pursue the matter further, the unit transfers the case file to the Maryland Insurance Administration or other applicable external review organization.

The Identity Theft Unit assists consumers who have been victims of identity theft and helps to educate consumers about how to avoid becoming a victim in the first place. The unit also assists consumers in placing freezes on their credit reports and works with businesses and consumers when a security breach has occurred. The Mortgage Foreclosure Unit implements the provisions of the multistate foreclosure settlement and assists consumers seeking loan modifications to ensure that their lender or servicer is complying with the requirements for processing loan modification requests.

The Enforcement Unit investigates unfair or deceptive trade practices. The Education Unit prepares publications and designs other activities to inform the public of their rights and responsibilities as consumers. The Mediation Unit resolves disputes between consumers and businesses through mediation, and the Arbitration Unit renders binding decisions on disputes that cannot be resolved through mediation, provided both parties agree to submit the dispute to arbitration. Neither party is charged for this service.

The Consumer Protection Division's activities in fiscal 2013 are summarized in Exhibit 4.1.

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**Exhibit 4.1**  
**Consumer Protection Division Activities**  
**Fiscal 2013**

Number of Inquiries	48,273
Number of Complaints Received	11,335
Number of Arbitrations	75
Number of Cease and Desist Hearings	104
Amount of Recoveries for Consumers	\$1,037,539,784*

\*In February 2012, 49 state Attorneys General and the federal government announced a historic joint state federal-settlement with the country's five largest mortgage servicers: Ally/GMAC; Bank of America; Citi; JPMorgan Chase; and Wells Fargo. The National Mortgage Settlement resolved state and federal investigations finding that the country's five largest mortgage servicers routinely signed foreclosure-related documents outside the presence of a notary public and without knowing whether the facts in the documents were correct. During fiscal 2013, the division recovered \$1,037,539,784 for consumers. Of that amount \$1,031,577,643 was from the National Mortgage Settlement. The consumer restitution part of the relief provided under the settlement was \$5,962,141.

Source: Consumer Protection Division

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## **Consumer Protection Laws**

Consumers are provided with certain protections from fraudulent or deceptive practices by businesses under Maryland's consumer protection laws. Many of these laws are discussed below, although the list is not all-inclusive. Consumer protection laws are set forth in the Commercial Law, Real Property, and Transportation Articles of the Annotated Code of Maryland.

### **Advertising**

A merchant may not advertise items at a low price with little or no intention of selling the advertised items and then try to sell similar, yet more profitable, items. There must be enough items on hand at the store to meet a "reasonably expected public demand." In addition, phony going-out-of-business sales are prohibited and distress sales may be held only for a 60-day period. Making a statement in an advertisement that a person knows or should know is untrue, deceptive, or misleading (false advertising) is a misdemeanor.

## **Aftermarket Crash Parts**

Before beginning repair work, an auto body shop must provide the vehicle owner with a list of replacement crash parts that the shop intends to use in making repairs. Auto body shops must disclose to owners whether the parts are genuine crash parts (original manufacturer) or aftermarket crash parts.

## **Arbitration of Consumer Claims**

The Transparency in Consumer Arbitrations Act requires an arbitration organization that performs an arbitration activity related to 50 or more “consumer arbitrations” during a five-year period to collect, publish, and make publicly available specified information about the parties involved, types of claims handled, and arbitration outcomes. A “consumer arbitration” is a binding arbitration conducted in accordance with a consumer arbitration agreement. The information must be updated by the arbitration organization at least every quarter and could be considered in determining whether a consumer arbitration agreement was unconscionable or unenforceable under law. Consumers may also seek injunctive relief against an arbitration organization.

Excluded from the Act’s scope are arbitrations (1) conducted in accordance with specified insurance policies; (2) governed by rules adopted by a securities self-regulatory organization and approved by the federal Securities and Exchange Commission; (3) between a consumer and certain nursing homes or long-term care facilities; and (4) involving a public- or private-sector collective bargaining agreement.

## **Automotive Repair Facilities**

Before beginning any repair work for which a customer will be charged more than \$50, automotive repair facilities are required by the Automotive Repair Facilities Act to give the customer on request a written statement that contains the estimated price for labor and parts, the estimated surcharge, if any, and the estimated completion date.

Without the customer’s consent, an automotive repair facility may not charge an amount that exceeds the written estimate by 10%. The facility also must prepare an invoice that describes all work completed, including all warranty work, and all parts supplied.

## **Automotive Warranties**

The Automotive Warranty Enforcement Act, commonly known as the Lemon Law, provides for the enforcement of manufacturer’s warranties on new motor vehicles. The

Lemon Law applies to the sale of all new cars, small trucks, multipurpose vehicles, and motorcycles registered in Maryland regardless of where they were purchased (or leased). The warranty period is 24 months after the motor vehicle was originally delivered to the consumer or 18,000 miles, whichever comes first.

Under the law, if a consumer informs the manufacturer or factory branch of any defect or condition that does not conform with all applicable warranties, the manufacturer or factory branch, its agent, or its authorized dealer must make the necessary repairs to any defect or condition covered under a warranty. If the manufacturer, factory branch, agent, or dealer is unable to repair a consumer's motor vehicle after a reasonable number of attempts, the manufacturer or factory branch is required either to:

- replace the motor vehicle with another that is acceptable to the consumer; or
- accept return of the motor vehicle and refund the full purchase price, less a reasonable allowance for the use of the motor vehicle.

The law presumes that a reasonable number of attempts have been undertaken if (1) the manufacturer has made four or more unsuccessful attempts to repair the defect; (2) the manufacturer has failed to resolve a problem with the braking or steering systems after one repair attempt; or (3) the motor vehicle is out of service for one or more problems for a cumulative total of 30 or more days. A manufacturer or factory branch is not required to replace the motor vehicle or offer a refund if the defect:

- does not substantially impair the use and market value of the motor vehicle; or
- is the result of abuse, neglect, or unauthorized modifications or alterations of the motor vehicle.

## **Charitable Organizations**

The Office of the Secretary of State registers and regulates charities that solicit in Maryland, including the review of a charitable organization's financial and governing documents, as well as the review of all fundraising contracts. With some exceptions, organizations that solicit charitable contributions, professional solicitors, and fundraising counsel must register with the office. The office also receives and investigates complaints from the public. There are more than 7,000 registered charities in the State that are subject to the Maryland Solicitations Act.

The office also administers the Giving Wisely program, which provides tips for consumers to consider before making a charitable donation. The program advises consumers to know who they are giving to, ask questions before giving, request financial

statements, and be on the lookout for deceptive practices. Consumers can check the Maryland Charities Database to see whether a charity is registered with the office. The office has information that consumers may look at to see how much money is actually spent for the charitable purpose.

Chapter 654 of 2014 enhanced the authority of the Attorney General to investigate and enforce specified provisions of the Maryland Solicitations Act relating to charitable organizations and charitable representatives. An applicant for registration as a professional solicitor or fundraising counsel must pay the Secretary of State an application fee of \$250 or \$350, respectively, a \$50 fee increase for both prior application fees. Each charitable organization that submits a separate registration statement and collects at least \$500,001 in charitable contributions from the public must pay an annual fee to the Secretary of State of \$300. Under current law, the maximum fee is \$200 and applies to each charitable organization that submits a separate registration and collects at least \$100,001 in charitable contributions from the public.

Net revenues attributable solely to the \$50 fee increases are paid into the Charitable Enforcement Fund, a fund created under the 2014 legislation. It is the intent of the General Assembly that these revenues be used to provide additional resources, including personnel and information technology, for administration and enforcement of existing laws related to charitable contributions and the new statutory provisions related to the protection of charitable assets.

For further information contact:

Charitable Organization Division  
Office of the Secretary of State  
16 Francis Street  
Annapolis, Maryland 21401  
410-974-5534

Website: <http://www.sos.state.md.us/Charity/CharityHome.aspx>

## **Condominium Sales**

Under the Maryland Condominium Act, a condominium developer must disclose all material facts about the property and file a public offering statement with the Secretary of State. The statement must include detailed information regarding the sales contract, cancellation terms, required down payment, and the percentage of ownership each buyer may obtain. The Act also establishes minimum procedural standards for the operation of the condominium's council of unit owners. The Secretary of State works in

cooperation with the Consumer Protection Division to enforce the laws that affect consumers under the Act.

### **Consumer Debt Collection**

Under the Maryland Consumer Debt Collection Act, a person collecting a debt arising out of a consumer transaction must adhere to rules established by the federal and State consumer debt collection laws. Among other things, a debt collector may not:

- use grossly abusive or obscene language, use or threaten violence, or send a consumer letters that are designed to be mistaken for legal documents;
- hurt a consumer's credit reputation by spreading false information about the consumer; or
- contact a consumer's employer or make a claim against a consumer's wages until obtaining a court order against the consumer.

Debt collectors are allowed to write a letter to a consumer demanding payment, telephone a consumer at a reasonable hour of the day or night, or visit a consumer at home at a reasonable hour to demand payment. Debt collectors who violate the laws pertaining to debt collection are liable for damages caused to the consumer, including damages for emotional distress or mental anguish suffered with or without accompanying physical injury.

### **Credit Cards and Payment by Check**

As a condition of accepting a credit card as payment for consumer goods, services, credit, or realty, a person may not record the address or telephone number of the credit cardholder. There are few exceptions to this prohibition, including when the information is necessary for delivery. A person who accepts a credit card for payment may request the credit cardholder to display a form of identification. Electronically printed credit card receipts may not display more than the last five digits of the credit card number and may not display the expiration date of the credit card.

If a credit card is issued without a person's prior request (excluding renewal or replacement of an existing card originally applied for or accepted by the cardholder), the card is not considered accepted until the person signifies acceptance of the card in writing or uses it to obtain credit. Until then, the issuer of the unrequested card assumes the risk of its loss, theft, or unauthorized use and is barred from any recovery against the person to whom the card is issued for any damages that result from its loss, theft, or unauthorized use.

As a condition of accepting a check as payment for consumer goods, services, credit, or realty, a person may not request or record the account number of any credit card of the drawer of the check. However, the person may request to see a credit card as identification or as evidence of creditworthiness and may record the card's type and issuing institution.

### **Credit Denial, Consumer Reporting Agencies, and Security Freezes**

State and federal equal credit opportunity laws prohibit discrimination by a creditor on the basis of race, sex, marital status, national origin, religion, age, or receipt of public assistance.

Among other things, creditors are prohibited from:

- denying credit to a married couple by refusing to consider the incomes of both spouses if they apply for a joint account;
- refusing to consider alimony and child support payments if the amount and regularity of the payments can be verified;
- refusing to recognize the legal name of any married person; and
- asking a woman who applies for credit whether she plans to have children.

A consumer reporting agency may furnish a consumer report only:

- in response to a court order;
- in accordance with written instructions of the consumer to whom it relates; or
- to a person that the agency has reason to believe intends to use the information in connection with a credit transaction or for employment, insurance underwriting, or licensing purposes, or otherwise has a legitimate business need for the information.

Maryland consumers may obtain two free credit reports each year from each of the three major credit reporting agencies – one under federal law and one under State law. Also, consumers may place a “security freeze” on their credit reports to prohibit a consumer reporting agency from disclosing information in the consumer's credit report without the consumer's express consent. Parents or guardians may place a security freeze on the credit reports of (1) an individual under the age of 16 or (2) or an incapacitated person or protected person for whom a guardian or conservator has been appointed may freeze the credit. In addition, a consumer reporting agency must place, on request of the Department of Human Resources, a security freeze for a foster care child who was in the custody of a local department of social services.

If a consumer is denied credit because of information contained in a consumer report, the user of the report is required by law to give the consumer the name and address of the consumer reporting agency that provided the information.

A complaint for a violation of the Consumer Credit Reporting Law should be filed with the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation. The commissioner has the authority to hold hearings, issue orders for compliance with the law, and impose civil penalties on violators.

For further information regarding consumer reporting agencies, see Chapter 7 of this volume of the Legislation Handbook Series.

### **Credit Services Businesses**

A credit services business is a person that, with respect to the extension of credit by others, provides or represents that the person can or will provide, in exchange for payment, any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; (2) obtaining an extension of credit for a consumer; or (3) providing advice or assistance to a consumer about improving the consumer's credit record, history, or rating; establishing a new credit file or record; or obtaining an extension of credit.

Under the Maryland Credit Services Businesses Act, a credit services business must obtain a license from the Commissioner of Financial Regulation. A credit services business, its employees, and its independent contractors may not:

- receive payment solely for referring a consumer to a credit grantor who will or may extend credit to the consumer if the credit is extended on substantially the same terms as those available to the general public;
- make, assist, or advise a consumer to make false or misleading statements in connection with a credit application;
- make or use false or misleading representations in offering or selling the services of the credit services business;
- engage in an act, practice, or course of business that operates as a fraud or deception in connection with offering or selling its services;
- accept payment before rendering full and complete performance of the contracted services;
- create or assist a consumer in creating a new consumer credit report, credit file, or credit record by obtaining and using a different name, address, telephone number, Social Security number, or employer tax identification number;

- assist a consumer in obtaining an extension of credit at an interest rate which, except for federal preemption, would be prohibited under the State’s consumer credit provisions; or
- charge a fee for obtaining an extension of credit if the fee, when combined with any interest charged on the extension of credit, exceeds the legal rate of interest.

A complaint for a violation of the Credit Services Businesses Law should be filed with the Commissioner of Financial Regulation. The commissioner has the authority to hold hearings, issue orders for compliance with the law, and impose civil penalties on violators. The Consumer Protection Division also has authority to enforce the Credit Services Businesses Law.

For further information regarding credit services businesses, see Chapter 7 of this volume of the Legislative Handbook Series.

### **Debt Management and Settlement Services**

Debt management services means receiving funds from a consumer in order to distribute funds among the consumer’s creditors to pay the consumer’s debts. Under the Maryland Debt Management Services Act, a person must obtain a license from the Commissioner of Financial Regulation prior to providing debt management services. In addition, applicants are required to meet specified net worth requirements and post surety bonds.

A licensee is required to provide a consumer with a consumer education program, and, through a debt management counselor certified by an independent organization, prepare a financial analysis of and initial budget plan for the consumer’s debt obligations. A licensee is also required to provide a consumer with a list of creditors the licensee reasonably expects to both participate and not participate in the debt management services agreement.

A licensee may charge a consumer a consultation fee and maintenance fee for a debt management services agreement. The consultation fee may not be more than \$50, which includes the cost of a consumer’s credit report. The maintenance fee may not be more than \$8 for each creditor that a consumer has listed in a debt management services agreement and may not exceed \$40 a month. Voluntary contributions from a consumer to a licensee are only allowed if the contribution does not exceed the authorized consultation and maintenance fees.

Debt settlement services means any service or program represented, directly or by implication, to renegotiate, settle, reduce, or in any way alter the terms of repayment or

other terms of a debt between a consumer and one or more unsecured creditors or debt collectors. Debt settlement services includes a reduction in the balance, interest rate, or fees. Under the Maryland Debt Settlement Services Act, a person must register with the Commissioner of Financial Regulation prior to providing, offering, or attempting to provide debt settlement services. A registrant may charge a consumer a debt settlement services fee. On June 30, 2016, the Act will terminate and debt settlement services will no longer have to register with, or be regulated by, the commissioner. Further legislative action may depend on the study of persons providing debt settlement services due at the end of calendar 2015 by the commissioner, in consultation with the Consumer Protection Division.

For further information regarding debt management and settlement services, see Chapter 7 of this volume of the Legislative Handbook Series.

### **Door-to-door Sales**

Under the Maryland Door-to-Door Sales Act, a seller must provide a consumer purchasing consumer goods or services costing \$25 or more through door-to-door sales with:

- a copy of the prospective contract with all relevant data including the name and the address of the seller; and
- a written and oral notice of the consumer's right to cancel the transaction.

If a consumer cancels a sale within 3 business days, the seller must refund all payments made by the consumer within 10 business days after receiving notice of cancellation. Sellers who violate the laws pertaining to door-to-door sales are liable for damages caused to the consumer, as well as criminal penalties.

### **Door-to-door Solicitations**

Under the Maryland Door-to-Door Solicitations Act, a person making a door-to-door solicitation may not accept or receive, at the time the solicitation is made, \$200 or more in money, check, or other consideration. A solicitation includes a request for money or other valuable consideration or for a pledge or subsequent contribution that promotes the programs or goals of the organization on whose behalf the solicitation is made.

The solicitor is required to provide the consumer with a pledge form and inform the consumer that a pledge to contribute is not an enforceable contract and the consumer may

rescind a pledge at any time. The solicitor also must inform the consumer of the consumer's right to request a refund of a contribution within 30 days after it is made.

### **Electrical Products**

A person may not sell or distribute an electrical consumer product unless it is labeled, marked, or stamped with a symbol indicating its certification for safety by a testing laboratory certified by the State Fire Marshal.

### **Electronic Mail and Facsimile Transmission**

A person may not initiate, conspire with another person to initiate, or assist in the transmission of a commercial electronic mail message that (1) misrepresents or obscures any information relating to the point of origin or transmission path of the message or (2) contains false or misleading information in the subject line.

A person may not make an unsolicited facsimile transmission for the purpose of encouraging another person to purchase goods, realty, or services.

### **Fine Prints**

A fine print is a printed image that has been taken off a plate by printing, stamping, casting, or any other process commonly used in graphic arts. A person may not publish or distribute a catalog, prospectus, or circular that offers for sale a fine print unless certain information is disclosed, including:

- the year the print was printed and the name of the artist;
- whether the print is a part of a limited edition and the authorized number of prints in the edition;
- whether the plate has been altered after the current edition; and
- the name of the workshop where the edition was printed.

Violators of the fine prints law are liable to the purchaser for the purchase price of the print plus interest from the date of payment of the purchase price.

### **Foreclosure Consultants**

A foreclosure consultant is a person who solicits or contacts a homeowner and directly or indirectly makes a representation or offer to perform one of a number of services that the person represents will help the homeowner. A foreclosure consultant is prohibited

from arranging, offering, or participating in a foreclosure rescue transaction. A foreclosure rescue transaction is a transaction in which a residence in default is conveyed by a homeowner who retains a legal or equitable interest in all or part of the property. A person who acts as a foreclosure consultant must provide homeowners with a contract that includes information regarding the services to be provided and the foreclosure consultant's compensation. The consultant must also provide a notice regarding the homeowners' right to rescind the contract. A consultant may not receive any compensation until after the foreclosure consultant has fully performed all services promised under the contract. A foreclosure consultant may not charge more than 8% a year for interest on a loan that the consultant makes to a homeowner.

If a foreclosure consultant arranges a sale or transfer of a residence in default, the purchaser of the residence must provide the homeowner with a certain notice that includes a disclosure of the homeowner's right to rescind the contract to sell or transfer the residence within five business days of signing the notice. Further, the purchaser must make a detailed accounting of the basis for payment made to the homeowner of a residence resold within 18 months after entering into a foreclosure reconveyance agreement. A purchaser of a residence in default may not represent, directly or indirectly, that the purchaser is acting on behalf of the homeowner; is assisting the homeowner to save the home; or is otherwise assisting the homeowner in preventing a foreclosure if the homeowner will no longer own the property.

### **Gift Certificates and Gift Cards**

A gift certificate generally may not expire or be subject to any fees within five years after it is purchased. A gift certificate is a device that is (1) sold or issued for a cash value that can be used to purchase goods or services or (2) issued as a store credit for returned goods. Prepaid calling cards and gift certificates given for free under an awards, loyalty, or promotional program are not considered gift certificates. Similar rules apply to a "general use" gift card, *i.e.*, a gift card that is processed through a national credit or debit card service and used to purchase goods or services from multiple unaffiliated merchants. Federal law generally prohibits the sale of a general use gift card if the underlying funds would expire within five years of the card's issuance. However, unlike gift certificates, general use gift cards may be subject to a fee, such as a dormancy, inactivity, or service fee, if notice of the fee is provided to the consumer.

### **Gold and Silver**

A person may not sell an item of merchandise made in whole or in part of gold or a gold alloy or silver or a silver alloy if the item is stamped, tagged, or packaged in a manner that incorrectly indicates its actual degree of fineness, except within certain limits.

## **Health Club Services**

A person who sells health club services must register with the Consumer Protection Division and, if the person collects more than three months' payment in advance or an initiation fee of more than \$200, purchase a surety bond for the purpose of reimbursing members who sustain any loss or damage in the event that the health club closes or files for bankruptcy.

A buyer has three business days to cancel a signed agreement in order to receive a full refund. A health club services agreement may not contain an automatic renewal clause, unless the agreement provides for a renewal option for continued membership that is accepted by the buyer.

## **Hearing Aid Sales**

A purchaser of a hearing aid may cancel the purchase for any reason within 30 days of the date of delivery for a full refund, less an amount for services of up to 20% of the purchase price. The contract must state the purchaser's cancellation rights.

## **Home Appliance Repairs**

A repair company must furnish a written bill for the cost of repairing a home appliance with a retail cost that exceeds \$100. The bill must include the hourly labor rate; the actual repair time; the itemized cost of any new, used, or reconditioned parts used in the repair; and, if applicable, a statement that used or reconditioned parts were used. This requirement does not apply if the repair work is done under a service contract or if a flat price or firm estimate is given before the repair work is completed.

## **Household Goods Movers**

Under the Maryland Household Goods Movers Act, household goods movers may not enforce or threaten to enforce a carrier's lien or refuse to deliver a consumer's household goods when providing moving services within the State for a fee. Unless waived by the consumer, a household goods mover must provide a written estimate containing specified information to a consumer before providing household goods moving services for intrastate use. In addition, a household goods mover must provide a consumer with a written receipt that states (1) the household goods mover's legal name and (2) the address and telephone number of either the household goods mover's resident agent in the State or, if there is no resident agent, the principal place of business of the household goods mover. Violation of the Act is an unfair or deceptive trade practice under the Maryland Consumer Protection Act.

## **Immigration Consulting Services**

An immigration consultant is a person that provides nonlegal advice, guidance, information, or services to a client on an immigration matter for a fee. An immigration matter is any legal proceeding, filing, or action that affects the immigration status of a noncitizen and arises out of specified laws, executive orders, presidential proclamations, or actions of federal agencies. An immigration consultant is not an attorney.

An immigration consultant may not:

- provide legal advice or legal services concerning an immigration matter;
- make a misrepresentation or false statement to persuade a client to use the immigration consultant's services;
- make a statement that the immigration consultant can or will obtain special favors from or has special influence with certain federal agencies;
- collect compensation for services not yet performed;
- refuse to return documents supplied by, prepared by, or paid for by a client at the client's request; or
- represent, advertise, or communicate that the immigration consultant possesses titles or credential that would qualify the immigration consultant to provide legal advice or legal services.

## **Internet Access Providers**

Maryland's Online Child Safety Act requires Internet access providers to make parental controls available to subscribers in the State at or near the time of subscription. The parental controls must allow a subscriber, in a commercially reasonable manner, to block all access to the Internet and either (1) block a child's access to specified websites; (2) restrict a child's access to subscriber-approved websites; (3) restrict a child's access to websites approved by the parental control provider; or (4) monitor the websites a child visits or attempts to visit. The Act allows an Internet access provider to charge a subscriber a fee for use of the parental control features.

## **Internet Ticket Sales**

A person may not intentionally sell or use software to circumvent a security measure, an access control, or any other control or measure on a ticket seller's website that was used to ensure an equitable ticket buying process. The prohibition applies to the purchase of a ticket for admission to an "entertainment event," which is a performance, a recreation, an amusement, a diversion, a spectacle, a show, or any similar event.

## **Kosher and Halal Products**

A person may not sell unpackaged kosher or halal products unless the person prominently and conspicuously displays a disclosure statement setting forth the basis for the representation that the food is kosher or halal. A disclosure statement must be displayed on the premises where unpackaged kosher or halal food is sold or served. The Consumer Protection Division has adopted disclosure forms to be used by persons who sell kosher or halal food. Packaged kosher food must have a kosher identification securely attached to the outside of the package.

## **Late Fees – Consumer Contracts**

Unless otherwise provided in law, a consumer contract that requires the payment of a late fee must disclose, by its terms or by notice (1) the amount of the late fee; (2) the conditions under which the late fee will be imposed; and (3) the timing for the imposition of the late fee. A late fee in a consumer contract is subject to one of the following two limitations:

- the amount of the late fee may be up to \$5 per month, or up to 10% per month of the payment amount that is past due, whichever is greater; and no more than three monthly late fees may be imposed for any single payment amount that is past due, regardless of the period during which the payment remains past due; or
- the amount of the late fee may be up to 1.5% per month of the payment amount that is past due.

A late fee included in a consumer contract may not be imposed until 15 days after the date the bill was rendered for the goods or services provided. If a bill is not rendered, a late fee may not be imposed until 15 days after the payment amount becomes due. A late fee imposed under the Consumer Protection Law is subject to any additional limitation or condition prescribed by any federal, State, or local regulatory agency or authority having jurisdiction over entities imposing late fees.

## **Layaways**

Under the Maryland Layaway Sales Act, a layaway sales agreement must include the price and all other terms of the agreement, including a description of the goods and any delivery or service charges. Any reduction in the price of a layaway item that occurs within 10 days after purchase must be passed on to the buyer of the layaway item. The seller is prohibited from increasing the layaway price under a layaway agreement.

A seller must permit the buyer to cancel a layaway agreement, without penalty or obligation, within 7 days from the date of the agreement. If the buyer defaults (fails to make a required payment within 15 days after the date it is due), the seller may cancel the layaway agreement and keep 10% of the layaway price or the money the buyer already paid, whichever is less.

### **Merchandise Delivery**

When a consumer orders furniture, major appliances, or other household goods, the Maryland Merchandise Delivery Law requires that the dealer selling or leasing the goods include an estimated delivery date in the sale or lease contract. Dealers must make an informed estimate, even if they are not completely certain when the merchandise will be available.

If the dealer fails to provide the consumer with an estimated delivery date or fails to deliver the ordered merchandise within two weeks of the latest promised date, the consumer may cancel the contract and receive a full refund of the deposit. The dealer must refund the consumer's deposit within two weeks of a request. As an alternative to canceling the contract, the consumer may modify the contract by selecting another item, take a store credit, or agree on a new delivery date.

If the dealer and consumer have agreed on a delivery time but the goods cannot be delivered successfully due primarily to the conduct of the consumer, and if the dealer gives the consumer written or oral notice of the attempted delivery, the consumer forfeits all remedies provided by the law.

### **Mortgage Servicers**

A mortgage servicer must send to a mortgagor, within seven days after acquiring the mortgage servicing, a written notice containing information about the mortgage on the date of transfer and the new servicer. The information must include the principal and escrow balances of the mortgage and the address where mortgage payments are to be sent.

### **Motor Vehicle Leasing**

The Consumer Motor Vehicle Leasing Contracts Law regulates the leasing of new and used motor vehicles by individuals for nonbusiness purposes for a lease term of more than four months. The law applies to leases whether or not they include an option to purchase the leased vehicle at the expiration of the lease term.

A consumer motor vehicle lease must be in writing, signed by the lessor and lessee, and contain disclosures regarding such matters as insurance coverage, ownership rights, early termination penalties, capitalized costs, and the lessee's rights upon default. A lessor, when extending an existing lease or offering a new lease to cure a default, may not include a provision that is less favorable to the lessee than the original lease. The lessor, however, may increase the security deposit, down payment, or the lease payments as long as the total payments over the new or extended lease term do not exceed the total payments under the original lease. In addition, a lessor may not (1) fail to include any dealer processing or freight charge when determining the adjusted capitalized cost used to calculate the base payment shown in an advertisement for a leased vehicle or (2) advertise to the general public a capitalized cost reduction in connection with a vehicle lease unless the reduction is offered to all potential lessees.

Both the Consumer Protection Division and the Commissioner of Financial Regulation have enforcement authority under the Consumer Motor Vehicle Leasing Contracts Law.

### **New Home Warranties**

Before entering into a contract for the sale or construction of a new home, a home builder is required to disclose in writing to a purchaser whether the builder participates in a new home warranty security plan. If the builder does not participate, the builder must disclose that without a new home warranty or other express warranties, the purchaser may be afforded only certain limited implied warranties.

A new home warranty under a plan must provide at a minimum:

- a one-year warranty on materials and workmanship;
- a two-year warranty on electrical, plumbing, heating, cooling, and ventilating systems; and
- a five-year warranty against structural defects.

Failure to comply with the New Home Warranties Law or knowingly misrepresenting that a new home warranty exists is an unfair or deceptive trade practice under the Maryland Consumer Protection Act. New home warranty security plans must provide the minimum coverage required by law, post a bond, and be approved by the Home Builder Registration Unit.

## Prizes Conditioned on Purchases or Sales Promotions

A person may not notify another person by any means, as part of an advertising scheme, that the other person has won a prize, received an award, or been selected or is eligible to receive anything of value if the other person is required to purchase goods or services or pay any money to participate in or submit to a sales promotion effort. However, prizes may be conditioned on the purchase of other goods or services if the retail price of the prize offered does not exceed the greater of (1) \$40; or (2) the lesser of (i) 20% of the purchase price of the goods or services that must be purchased; or (ii) \$400.

A person who offers a contest, sweepstakes, or other sales promotion effort not prohibited by law must disclose certain information. The law specifically states which disclosures are required when prizes relate to the sale, lease, or rental of real property; are awarded by chance; and are not awarded by chance (*i.e.*, everyone receives the prize).

Required disclosures must appear on the first page of the prize notification and include information about the retail price and number of prizes offered, the odds of winning, and other rules and conditions involved.

## Product Guaranties and Service Contracts

The Maryland Service Contracts and Consumer Products Guaranty Act requires a person who makes a guaranty about a consumer product to provide written information at the time of sale to the consumer about the guaranty, including:

- the duration of the guaranty period measured by time or some other measure of usage, such as mileage;
- any maintenance that a consumer must undertake to be entitled to repairs or replacement under the guaranty;
- the guarantor's obligation during the guaranty period; and
- the procedure the consumer must follow to have the defective product repaired or replaced.

The Act also requires a service contract for the repair, replacement, or maintenance of a product to be in writing and include:

- the contract's duration, measured by time or product usage, and the contract's purchase price and terms, including the provider's obligations;
- any reasonable and necessary maintenance required to be performed by the person guaranteed as a contract condition;

- the merchandise and services to be provided and the procedures to follow to obtain services or file a claim under the contract;
- any limitations, exceptions, or inclusions under the contract;
- the terms, restrictions, or conditions governing cancellation of the contract before its stated termination date; and
- any means established by the provider for quick informal settlement of a dispute.

The Consumer Protection Division's jurisdiction is limited to product guaranties and service contracts that are provided within Maryland. Interstate services, those affecting more than one state, fall under the jurisdiction of federal entities, including the U.S. Federal Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the Federal Communications Commission, which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

### **Reserved Seats**

A person who sells reserved seat tickets for an athletic, recreational, cultural, or entertainment event must display a seating plan at the ticket-sale location that shows the location of reserved seats and physical obstructions to viewing the event. Nonprofit organizations are exempt from this requirement.

### **Social Security Number Privacy**

With the exception of a unit of State or local government, a person may not:

- publicly post or display an individual's Social Security number;
- print an individual's Social Security number on a card required for the individual to access products or services provided by the person;
- require an individual to transmit the individual's Social Security number over the Internet unless the connection is secure or the individual's Social Security number is encrypted;
- initiate the transmission of an individual's Social Security number over the Internet unless the connection is secure or the individual's Social Security number is encrypted; or
- require an individual to use the individual's Social Security number to access an Internet website unless another authentication method is required.

Similarly, unless required by State or federal law, a person may not:

- print an individual's Social Security number on material mailed to the individual;
- include an individual's Social Security number in material that is electronically transmitted to the individual unless the connection is secure or the individual's Social Security number is encrypted; or
- include an individual's Social Security number in any material that is transmitted by facsimile to the individual.

### **Telemarketing**

A contract made pursuant to a telephone solicitation is not valid and enforceable against a consumer unless the contract is made in compliance with the Maryland Telephone Solicitations Act. The key provisions of the Act are summarized below:

- telephone solicitors must first inform a consumer of the nature of the call, the caller's name, and the purpose of the call;
- a contract resulting from a telephone solicitation must be in writing and signed by the consumer;
- the contract must contain the seller's name, address, and telephone number; the total price of the contract; and a detailed description of the goods or services being sold;
- a conspicuous statement in the contract must disclose that no payments will be required unless the consumer signs and returns the contract to the seller;
- the seller may not charge a consumer's credit account until after the consumer signs the contract and sends it back to the seller; and
- the contract may not exclude from its terms any oral or written representations made by the seller to the consumer.

### **Do Not Call Registry**

The National Do Not Call Registry and related telemarketing laws and rules under the jurisdiction of the Federal Communications Commission and the Federal Trade Commission are enforceable by the Attorney General in Maryland courts.

### **Telephone Bills – Cramming**

“Cramming” is a practice in which a third party adds a charge to an individual's telephone bill for a service the individual did not order, agree to, or use. To combat this practice, Maryland law prohibits a person from submitting charges to a telephone company unless the person first obtains express authorization from the telephone customer. The

authorization must include, among other things, the customer's name and telephone number, an explanation of the product or service being purchased and all applicable charges, and an affirmation from the customer that the charges may be billed to the customer's telephone bill.

A telephone customer is not liable for third-party charges that appear on a telephone bill unless the customer (1) received notice that the telephone company allows third-party billing; (2) received an itemization of third-party charges, identifying them separately from other charges; and (3) was provided with the name and telephone number of the party that submitted the charge. Finally, a telephone customer is not liable for any third-party charges that the customer disputes within a reasonable time, unless the party that submitted the charges to the telephone company has provided a copy of the customer's authorization to the telephone company and the customer.

### **Telephone Records**

A telephone record is any information retained by a telephone company that relates to the telephone number dialed, the incoming number of a call made to a customer, or other data related to calls typically contained on a customer's bill. In order to protect the privacy of cellular and other telephone service subscribers, a person may not:

- knowingly obtain or attempt or conspire to obtain a telephone record without the customer's authorization by fraudulent, deceptive, or false means;
- knowingly sell or attempt to sell a telephone record without the customer's authorization; or
- receive a telephone record knowing that the record has been obtained without the customer's authorization or by fraudulent, deceptive, or false means.

### **Unit Pricing**

A person who sells, offers, or displays for sale a consumer commodity at retail must disclose the total price of the commodity or the unit price if the commodity is sold only by units or is prepackaged and within certain categories, including foods, paper products, wrapping products, and cleaning products. A number of items are exempt from the unit pricing requirements, including certain prepackaged foods, items sold only by prescription, and items sold through vending machines.

## **Vacation Club Memberships**

A vacation club membership is an interest in a vacation club membership plan that entitles the purchaser to the use or occupancy of a vacation accommodation on a recurring basis. It includes an interest in a club that provides or arranges for the use or occupancy of campgrounds, condominiums, or other vacation accommodations. Either party may cancel a contract to purchase a vacation club membership within 10 calendar days after execution. On cancellation, the purchaser is entitled to a full refund. The contract must disclose the right to cancel and receive a refund.

## **Work-at-home Advertisements**

A person who places an advertisement that represents that any person can earn money at home by stuffing or addressing envelopes, mailing circulars, clipping newspaper or magazine articles, or performing similar work must pay compensation to those who perform the represented tasks. The person placing the advertisement may not require the person who will perform the tasks to advance any monetary payment or deposit for any instructional booklets, brochures, or other items or services.

## **Enforcement and Penalties**

The Consumer Protection Division may attempt conciliation, issue cease and desist orders, or seek action in court, including an injunction, to enforce the Maryland Consumer Protection Act. The general penalty for persons who violate the Act includes:

- civil penalties – a fine of up to \$1,000 for each violation and, if the violator engages in a subsequent violation, a fine of up to \$5,000 for each subsequent violation; and
- misdemeanor criminal penalties – a fine of up to \$1,000 or imprisonment for up to one year, or both.

Other remedies and criminal penalties may apply that are specific to the consumer protections provided in the Commercial Law Article.

Civil penalties may be assessed either by the courts or through an administrative action. In setting the amount of the penalty imposed in an administrative proceeding, the Consumer Protection Division considers the severity of the violation for which the penalty is assessed; the good faith of the violator; any history of prior violations; whether the amount of the penalty will achieve the desired deterrent purpose; and whether the issuance of a cease and desist order, including restitution, is insufficient for the protection of consumers.

In any action brought by the Attorney General under the Consumer Protection Act, the Attorney General is entitled to recover the costs of the action for the use of the State.

For further information contact:

Consumer Protection Division  
Office of the Attorney General  
200 St. Paul Place, 16th Floor  
Baltimore, Maryland 21202  
Administrative Office: 410-576-6550  
Fax Number: 410-576-6566  
Consumer Complaints Hotline: 410-528-8662  
Toll Free Consumer Complaints Hotline: 888-743-0023  
Health Club Registration: 410-576-6530  
Home Builder Registration: 410-576-6573  
Toll Free Home Builder Registration: 877-259-4525  
Identify Theft Unit: 410-576-6491  
Mortgage Foreclosure Unit: 410-528-8662  
Medical Billing/Health Insurance Complaints: 410-528-1840  
Toll Free Health Plan Decision Appeals Hotline: 877-261-8807  
Website: <http://www.oag.state.md.us/consumer/index.htm>

Division of Financial Regulation  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202  
Administrative Office: 410-230-6100  
Website: <http://www.dllr.state.md.us/finance>



## Section II. Industry-specific Regulation

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Section II discusses industry-specific regulations for a general group of nine business/industry activities in Maryland. Each chapter describes the regulations applicable to the industry groups and the State agencies responsible for implementing these regulations. In addition, Chapter 14 discusses specific provisions of Maryland's occupational and professional licensing requirements.

Section II is organized as follows:

- Chapter 5                      Agriculture
- Chapter 6                      Natural Resources Management
- Chapter 7                      Financial Services Industry
- Chapter 8                      Insurance
- Chapter 9                      Health
- Chapter 10                     Alcohol and Tobacco
- Chapter 11                     Transportation
- Chapter 12                     Public Utilities
- Chapter 13                     Sports
- Chapter 14                     Occupational and Professional Licensing

For further information regarding the departments, agencies, and other authorities that regulate these industries, refer to *Volume II – Government Services in Maryland*, of the Legislative Handbook Series.



## Chapter 5. Agriculture

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Agriculture continues to be a vital industry in Maryland. The number of farms in Maryland has declined somewhat, decreasing from 12,834 in the 2007 federal Census of Agriculture to 12,256 in the 2012 Census. Agriculture remains the largest single land use in Maryland, with roughly 33% of total land area (2.0 million acres) used for farming. Approximately 350,000 people are employed in agriculture and related industries. Furthermore, Maryland farms contribute significantly to the economy – the value of agricultural products sold in Maryland totaled \$2.3 billion in calendar 2012. Leading agricultural products by farm receipts include poultry and eggs (\$0.9 billion); corn (\$0.3 billion); soybeans (\$0.3 billion); nursery, greenhouse, floriculture, and sod (\$0.2 billion); milk from cows (\$0.2 billion); wheat (\$0.1 billion); vegetables, melons, potatoes, and sweet potatoes (\$0.1 billion); and cattle and calves (\$0.1 billion).

Land prices, market access, environmental compliance, and urbanization are among the leading challenges that continue to face the industry. According to the 2012 Census of Agriculture, average net farm income in Maryland increased from \$32,161 per farm in 2007 to \$38,920 in 2012, an increase of 21%. Profitability remains a top concern among farmers.

In order to protect the integrity of agricultural operations and the environment, as well as to provide consumers with safe food products of high quality, this industry is closely regulated by the Maryland Department of Agriculture. For instance, Chapter 34 of 2010 authorizes the Secretary of Agriculture to establish a farm quarantine and issue appropriate orders to control or restrict the use of farmland, crops, livestock, poultry, or a farm product existing on a farm that has been exposed to or contaminated by a radiological or chemical toxic material or agent or is infected or infested with a disease or pest.

The department's website has a Regulatory Information Center that includes information about enforcement actions and the "Farmer's Guide to Environmental Permits." In addition, the department has a webpage listing its proposed regulations – <http://mda.maryland.gov/Pages/Proposed-Regulations.aspx>. Regulation of the agriculture industry is carried out by the following offices of the department:

- Office of Marketing, Animal Industries, and Consumer Services;
- Office of Plant Industries and Pest Management; and
- Office of Resource Conservation.

The department also administers the Maryland Agricultural Land Preservation Foundation and supports several boards and commissions, including the

Maryland Agricultural Commission. The commission advises the Secretary on agricultural policy; helps the department promote farming; provides staff support for the Young Farmers Advisory Board (which was established by legislation in 2004 to identify ways to draw younger individuals into agriculture); and evaluates regulations that affect the industry. The commission also implements the Statewide Plan for Agriculture and Resource Management – a set of 109 recommendations developed in 2007 to guide agricultural policy. With 102 recommendations complete, an updated plan was developed in early 2010 and is being implemented.

Agricultural industries are likewise subject to federal oversight. For detailed information on federal regulation of agricultural land and products, the Department of Health and Mental Hygiene, the Maryland Department of Agriculture, the U.S. Environmental Protection Agency, and the U.S. Department of Agriculture may be consulted.

### **Office of Marketing, Animal Industries, and Consumer Services**

The Office of Marketing, Animal Industries, and Consumer Services includes programs that promote the market for Maryland agricultural products, foster and encourage the agriculture industry, and regulate activities related to the commercial use of weights and measures, the practice of veterinary medicine, prevention and control of animal diseases, egg quality, and commercial horseback riding stables. Units within the office include:

- Weights and Measures;
- Food Quality Assurance;
- Agricultural Statistics Service;
- Animal Health;
- State Board of Veterinary Medical Examiners;
- Maryland Horse Industry Board; and
- Marketing and Agriculture Development.

Chapter 411 of 2011 transferred the aquaculture development and seafood industry support functions of the department's Aquaculture Development and Seafood Marketing Program (as well as certain aquaculture-related functions from the Maryland Department of the Environment and the Board of Public Works) to the Department of Natural Resources.

For further information contact:

Office of Marketing, Animal Industries, and Consumer Services  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5782  
Website:[http://mda.maryland.gov/maryland\\_products/Pages/maryland\\_products.aspx](http://mda.maryland.gov/maryland_products/Pages/maryland_products.aspx)

The services provided by each of these units are described below.

### **Weights and Measures**

The Weights and Measures Program inspects and tests all weighing and measuring devices used in the purchase and sale of commodities or the exchange of goods and services, such as gasoline pumps and food scales at supermarkets. Prepackaged commodities are likewise inspected and tested for accuracy of quantity statements and for compliance with labeling requirements. The program is primarily funded by fees, which were last adjusted by Chapter 22 of 2012. The interval between inspections was no more than 18 months in fiscal 2005; however, the interval rose to approximately 24 months in fiscal 2009 as a result of vacancies in staffing and training. The inspection interval continued at the level of 24 months into fiscal 2014. Maryland's National Type Evaluation Program Laboratory is one of five State participating laboratories, as authorized by the National Conference on Weights and Measures. Also, the program oversees the examination and licensing of individuals for related functions and conducts undercover investigations. The program's activities from fiscal 2011 to 2013 are summarized in Exhibit 5.1.

**Exhibit 5.1**  
**Weights and Measures**  
**Administrative Controls and Other Functions**  
**Fiscal 2011-2013**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Registration Certificates Issued for Weighing and Measuring Devices	7,128	7,091	7,026
Type Evaluation of Devices Conducted	29	58	48
Citizen Complaints Received and Investigated	562	584	553
Disciplinary Hearings, Criminal Arrests, Summonses Obtained and/or Civil Penalties	64	93	56

Source: *Maryland Department of Agriculture 2013 Annual Report*

For further information contact:

Maryland Weights and Measures  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5790

Website: [http://mda.maryland.gov/weights\\_measures/Pages/weights\\_measures.aspx](http://mda.maryland.gov/weights_measures/Pages/weights_measures.aspx)

### **Food Quality Assurance**

The Food Quality Assurance Program conducts a combination of regulatory and voluntary programs to promote the sale and consumption of high quality and wholesome agricultural food products. The program consists of four sections (grading services, egg inspection, grain dealers licensing, and organic certification) that conduct a variety of inspections, audits, registrations, and certifications of agricultural commodities and facilities to provide consumers with safe, high quality agricultural food products while maintaining fair trade practices and enhancing product marketability for the agricultural industry.

In terms of recent regulatory issues, there has been a growing problem with the theft of restaurant grease, which has become a valuable commodity in producing biofuels in

recent years. Chapter 261 of 2011 requires a person to register annually with the department before transporting waste kitchen grease. An online Waste Kitchen Grease Transporter Registration system has been developed to facilitate this process.

In terms of the regulation of honey, Chapter 189 of 2012 established a Maryland standard of identity and requirements applicable to the labeling of honey, although the department is not obligated to enforce the requirements of the legislation.

For further information contact:

Food Quality Assurance Program  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5769

Website: [http://mda.maryland.gov/foodfeedquality/Pages/food\\_quality\\_assurance.aspx](http://mda.maryland.gov/foodfeedquality/Pages/food_quality_assurance.aspx)

### **Grading Services**

The Grading Services Section provides producers and processors with a voluntary certification program for agricultural commodities including meat, poultry, eggs, fruit, vegetables, and grain. This certification system provides a uniform basis for marketing agricultural commodities and ensures buyers that certified products meet quality standards. Section employees inspect and certify the quality, size, labeling, weight, sanitation, and packaging of agricultural commodities. Commodities meeting the standards set by the U.S. Department of Agriculture or the department are officially identified by section employees. The cost of the service is paid by the users. In fiscal 2013, the section certified more than 271 million pounds of poultry as USDA Grade A and more than 28 million dozens of shell eggs as USDA Grade A or AA.

### **Egg Inspection**

The Egg Inspection Section inspects eggs sold at the wholesale, retail, and food service levels to ensure that Maryland eggs meet mandatory standards as to quality, size, microbial and physical contamination, refrigeration, labeling, and recordkeeping. In fiscal 2013, 0.4% of eggs sold in Maryland were sampled by inspectors. Compliance with the Maryland Egg Law rose from 84.0% in fiscal 2011 to 85.4% in fiscal 2013. Inspection is financed through the collection of \$0.0026 on every sale of a dozen eggs.

All wholesalers and egg packers selling eggs in Maryland are required to register with the department annually. Packers are required to submit information that qualifies

their flock as meeting a *Salmonella enteritidis* risk reduction requirement. One way producers can meet this requirement is to participate in the section's voluntary Egg Quality Assurance Program.

### **Grain Dealers Licensing**

The Grain Dealers Law Section licenses and regulates persons in the business of buying, receiving, exchanging, or storing grain from a grower. Annual license fees range from \$50 to \$300, depending on the amount of grain handled. An applicant must meet minimum insurance and net worth requirements. The section licensed 35 businesses with 67 locations in fiscal 2013. The section also publishes and distributes an annual directory of licensed grain dealers.

### **Organic Certification**

The Organic Certification Section conducts inspections and reviews organic production and handling operations as a U.S. Department of Agriculture certifier. Operations meeting the National Organic Program's standards are issued a certificate by the department. In fiscal 2013, this program certified 76 Maryland producers of organic food products. In addition, 24 handlers of organic food products that provided value-added services were certified and an additional 18 farms were registered as organic but are exempt from inspection requirements because they sell less than \$5,000 worth of products in a year. The department may recoup the cost of field inspection and laboratory analysis for the certification program. In addition, the Maryland Organic Transition Investment Pilot Program assists farmers in the transition to organic agricultural production.

### **Agricultural Statistics Service**

The Agricultural Statistics Service, which is a field office of the U.S. Department of Agriculture (National Agricultural Statistics Service), provides the public with data regarding the production of crops and livestock in the State. The service also gathers and publishes information on land use, income, commodity and land prices, labor, and farm demographics. For instance, the National Agricultural Statistics Service conducted the 2012 Census of Agriculture, which provided a broad overview of agriculture in the United States in 2012. Agricultural Statistics Service publications include *Maryland Annual Statistics Bulletin* (annual), *Maryland Agri-Facts* (monthly for Maryland and Delaware), *Crop Programs and Condition Report* (weekly for Maryland and Delaware), *Grain and Livestock Report* (weekly), and *Broiler Chicks Report* (weekly). This information is used to measure the performance of the agriculture sector in the Maryland economy and to track trends and changes in land use and output.

For further information contact:

Agricultural Statistics Service  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway, Suite 210  
Annapolis, Maryland 21401  
410-841-5740  
National Agricultural Statistics Service Website:  
[http://www.nass.usda.gov/Statistics\\_by\\_State/Maryland/index.asp](http://www.nass.usda.gov/Statistics_by_State/Maryland/index.asp)

## **Animal Health**

The Animal Health Section safeguards the health of food-producing animals and horses. One of the significant ongoing cost containment actions in fiscal 2010 was the closure of the Oakland, College Park, and Centreville Animal Health laboratories and the consolidation of remaining staff and resources at the two remaining laboratories in Salisbury and Frederick.

The section plans and implements long-range programs to eradicate livestock diseases; a particular emphasis is placed on those diseases that are transmissible to humans, such as mad cow disease, West Nile virus, anthrax, salmonella, rabies, brucellosis, tuberculosis, avian influenza, and swine influenza. Of recent concern is the H3N2v swine influenza; 13 cases of swine and 12 human cases of influenza A (H3N2v) were associated with a Maryland fair in August 2013. None of the humans infected developed serious illness or were hospitalized. The department is in charge of monitoring swine herds for the disease.

The section's major activities are both regulatory and service-oriented, and include health certification of animals imported into, or exported from, the State; inspection and licensing of livestock auctions, dealers, fairs, exhibitions, hatcheries, and farms; and operation of two veterinary diagnostic laboratories that support the department's field veterinarians, the private veterinary profession, and owners of agricultural and other types of animals. The section participates in several federal-state-industry cooperative disease eradication programs audited by the U.S. Department of Agriculture. The section also works closely with several units of the University of Maryland and numerous other local, regional, and national animal industry and animal health organizations. In order to encourage compliance with its livestock and poultry regulations, the section is authorized to impose administrative penalties of up to \$10,000 for violations of certain State laws.

For further information contact:

Animal Health Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5810  
Toll Free: 800-492-5590  
Website: <http://mda.maryland.gov/animalhealth/Pages/default.aspx>

### **State Board of Veterinary Medical Examiners**

The State Board of Veterinary Medical Examiners licenses and regulates the veterinary profession. All Maryland veterinarians are licensed one time and required to register and have at least 12 hours of continuing education each year. In fiscal 2013, there were 2,679 registrations issued to veterinarians holding licenses in Maryland. The board also registers veterinary technicians every three years. Veterinary technicians must have 24 hours of continuing education during this three-year period. The department may suspend or revoke a veterinarian's license and impose a penalty on veterinarians of up to \$5,000 for a first offense. The department also may impose a penalty of up to \$10,000 for a second or subsequent offense in addition to suspension or revocation of the veterinarian's license.

Veterinary hospitals are issued annual licenses and are inspected to ensure compliance with State regulations. The board may issue licenses to animal control facilities to allow those facilities to administer drugs needed to sedate and/or euthanize animals. The activities of the board in fiscal 2011 to 2013 are summarized in Exhibit 5.2. The rise in registrations and licenses in 2012 is an anomaly that reflects implementation of a new online registration renewal system.

**Exhibit 5.2**  
**State Board of Veterinary Medical Examiners**  
**Veterinary Profession Regulation**  
**Fiscal 2011-2013**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Licenses Issued to New Veterinarians	169	161	150
Registrations Issued to Veterinarians	2,164	3,652	2,679
Registrations Issued to Veterinary Technicians	123	193	142
Licenses Issued to Veterinary Hospitals	528	651	582
New Complaints Received <sup>1</sup>	87	70	89
Complaints Closed	82	104	92

<sup>1</sup> The fiscal 2011 number includes two complaints filed against non-veterinarians and two complaints filed against veterinarians not licensed in Maryland. The fiscal 2013 number does not include five complaints because multiple veterinarians were involved.

Source: *Maryland Department of Agriculture 2013 Annual Report*

For further information contact:

State Board of Veterinary Medical Examiners  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5862  
Website: <http://mda.maryland.gov/vetboard/Pages/homepage.aspx>

### **Maryland Horse Industry Board**

The Maryland Horse Industry Board licenses and regulates horse establishments, which are establishments that solicit or offer to the public any of the following services: (1) a boarding stable; (2) a lesson or rental stable; or (3) a rescue or sanctuary stable. A license is required for all horse establishments. As part of the fee changes authorized by Chapter 19 of 2012, a horse establishment must pay \$125 when applying for a license, which must be renewed annually for the same amount. Once licensed, each horse establishment is inspected as determined by the board to ensure that board standards are maintained. Exempt from these licensing requirements are stables and farms where

thoroughbred or standardbred horses are bred, trained, and rested, as well as farms where horses are used for agricultural purposes, such as cultivation of the soil or the herding of livestock. The board issued 601 licenses in fiscal 2011, 578 in fiscal 2012, and 619 in fiscal 2013.

In addition, the board is responsible for:

- advising the department on matters affecting the State's horse industry;
- researching equine health and related issues;
- developing and promoting the horse industry in the State, including grant awards;
- enhancing public awareness of the value of equine activities as related to the preservation of green space and agricultural land; and
- developing and disseminating information about the equine industry.

Chapter 52 of 2014 extended the termination date for the Maryland Horse Industry Board by 10 years to July 1, 2026, and required a preliminary evaluation of the board by December 15, 2023. The Act also required the board to report to the Senate Education, Health, and Environmental Affairs Committee and the House Environmental Matters Committee by October 1, 2015, on the board's use of its civil enforcement authority and its progress in balancing its revenues and expenditures once contractual expenses for the Maryland Horse Park study end.

For further information contact:

Maryland Horse Industry Board  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5860

Website: [http://mda.maryland.gov/horseboard/Pages/horse\\_board.aspx](http://mda.maryland.gov/horseboard/Pages/horse_board.aspx)

## **Marketing and Agriculture Development**

The Marketing and Agriculture Development Program (also known as the Marketing and Agribusiness Development Program) assists Maryland farmers and other agricultural entrepreneurs in the establishment and expansion of their production for both domestic and international markets. Entrepreneurs receive personalized needs assessments and counseling. The program identifies both private-sector and government-agency contacts that help business owners develop business plans, obtain financing, meet regulatory requirements, and locate product distributors. The program provides market

research, marketing and other networking opportunities, and a centralized source of business development information to small, new-to-market agriculture-related businesses, as well as to larger, more established agricultural operations. Outreach focuses on increasing demand for local agriculture, thus increasing employment opportunities and enhancing the sustainability of local agricultural communities throughout the State.

In fiscal 2012, as a cost containment measure, the separate National Marketing and International Marketing programs were consolidated to form the Agricultural Marketing Program within the Marketing and Agriculture Development Program.

The Marketing and Agriculture Development Program promotes agricultural products and businesses through a wide variety of programs including farmers markets; farmers market nutrition programs; “Maryland’s Best;” Jane Lawton Farm-to-School Program; and agricultural fairs, trade shows, and other promotional events.

The Marketing and Agriculture Development Program supports and promotes 140 farmers markets in the State. Managed by the program, more than 240 farmers received \$535,750 through the Farmers Market Nutrition Program. Partnering with the Department of Health and Mental Hygiene and the Department of Aging, the Maryland Department of Agriculture distributes checks funded by the U.S. Department of Agriculture to connect nutritionally at-risk populations with local farmers and local produce.

“Maryland’s Best” promotes food products that have been grown, processed, or manufactured in the State with a logo bearing that program title. In fiscal 2013, the “Maryland’s Best” campaign promoted a new Ice Cream Trail and the “Maryland’s Best” website connected an estimated 37,477 Marylanders with farmers.

The Jane Lawton Farm-to-School Program promotes and facilitates the sale of farm products grown in the State to Maryland schools and is required to establish a Maryland Homegrown School Lunch Week. In calendar 2013, Maryland Homegrown School Lunch Week was held in September with all counties participating and purchasing produce from nearly 50 different Maryland farms. Chapter 140 of 2011 required each local educational agency participating in the Jane Lawton Farm-to-School Program to report to the department on the types and amounts of farm products purchased from farms in the State by January 1 of each year.

Numerous agricultural fairs, trade shows, and other promotional events have long been an effective method to promote individual farm products as well as the overall business of agriculture. The Maryland Agricultural Fair Board administers State grants for

these events. In fiscal 2013, this amounted to \$843,228 for the support of county fairs and other agricultural events across the State.

The Agricultural Marketing Program prepares and assists the State's agribusinesses, processors, and distributors in the expansion of export sales; development of niche markets; participation in trade events; and identification of new markets, trade issues, and related concerns regarding the international marketplace. The program monitors trade practices and advocates fair trade and elimination of barriers that impact the exportation of Maryland's agricultural products.

The program has worked with more than 250 agribusinesses in more than 40 countries to develop agribusiness opportunities. In fiscal 2013, the department developed business prospects for nursery plant growers in Canada, livestock producers in Russia and China, food processors in the United Arab Emirates, South Africa, and South Korea, and the soybean and grain dealer Perdue Farms in Cuba. According to the U.S. Department of Agriculture's Economic Research Service, the total value of Maryland's agricultural exports increased from \$485.7 million in calendar 2009 to \$757.1 million in calendar 2012 with approximately half of the increase due to exports of soybeans, soybean meal, and chicken meat.

The Marketing and Agriculture Development Program also conducts outreach to assist farmers and agribusinesses in developing markets and managing risk. For example, the program manages a federal program to educate farmers about crop insurance, which can help stabilize the agricultural economy when crop yields are low. From fiscal 2007 to 2013, participation in the federal program among Maryland farmers increased from 5,240 farmers to 6,806 farmers, respectively. In fiscal 2013, Maryland farmers insured more than \$420 million of agricultural production on 923,000 acres.

The Marketing and Agriculture Development Program also collects a fee on dog and cat commercial feed registered in the State. Chapters 561 and 562 of 2013 required the department to establish a \$100 fee (to be phased in over three years) on each brand name or product name of commercial feed that is registered in the State for consumption by a dog or cat. The Acts also created a Spay/Neuter Fund to reduce animal shelter overpopulation and cat and dog euthanasia rates by financing grants for programs that facilitate and promote spay and neuter services and a seven-member Spay/Neuter Advisory Board staffed by the department.

The Marketing and Agriculture Development Program also assists in the evaluation process for the Maryland Agricultural Education and Rural Development Assistance Fund, a State grant program targeted toward rural economic development. In fiscal 2013, grants totaling \$195,956 were awarded to regional or statewide organizations that serve rural areas.

For further information contact:

Marketing and Agriculture Development Program  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5782

Website: [http://mda.maryland.gov/maryland\\_products/Pages/maryland\\_products.aspx](http://mda.maryland.gov/maryland_products/Pages/maryland_products.aspx)

### **Tobacco Transition**

The Tri-County Council for Southern Maryland administers the Tobacco Transition Program. The program pays participating farmers for the average amount of tobacco brought to market from crop years 1996 to 1998 if the farmer commits to retaining the land for agricultural production for 10 years. Buyouts are funded from a settlement reached in a multistate lawsuit against cigarette manufacturers; the sale of State bonds was authorized in 2001 to supplement funding for the program. The program formerly was overseen by the Maryland Tobacco Authority, which also regulated the sale of leaf tobacco in the State. However, the authority was abolished by Chapter 18 of 2009 because auctions of Maryland tobacco have ceased, primarily due to the success of the program. The total number of farmers enrolled in the tobacco buyout and that are out of production is 854 farmers, representing 83% of tobacco producers. The total cost of the tobacco buyout is \$7.65 million on average per year, or \$1 per pound of tobacco taken out of production, for 10 years. Final tobacco buyout funding was budgeted for fiscal 2014. Repayment of general obligation bond funding for the tobacco buyout will be repayed as follows: \$1.82 million in fiscal 2011, \$3.32 million annually from fiscal 2012 through 2015, and payments of \$3.82 million annually from fiscal 2016 to 2018 to round out the \$26.56 million required repayment.

The Tri-County Council's "Southern Maryland, So Good" marketing campaign assists farmers who want to convert tobacco crops to other types of products, such as grain or hay. The number of agri-businesses enhanced/developed by the Tri-County Council increased from 1,083 in fiscal 2010 to 2,111 in fiscal 2013 and the number of farmers benefiting from farmers' market promotion enhancement increased from 752 in fiscal 2010 to 802 in fiscal 2013.

## **Office of Plant Industries and Pest Management**

This Office of Plant Industries and Pest Management consists of six sections:

- Forest Pest Management;
- Mosquito Control;
- Pesticide Regulation;
- Plant Protection and Weed Management;
- Turf and Seed; and
- State Chemist.

These sections administer programs and enforce State and federal laws and quarantines that cover the use and application of pesticides; the control of noxious weeds, plant diseases, and pests; the certification of the quality of seeds, turf, and other commercial agricultural goods produced or sold in the State; and the registration, labeling, and quality testing of feed, fertilizer, lime, and pesticide products.

For further information contact:

Office of Plant Industries and Pest Management  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5870

Website: [http://mda.maryland.gov/plants-pests/Pages/plants\\_pests.aspx](http://mda.maryland.gov/plants-pests/Pages/plants_pests.aspx)

### **Forest Pest Management**

In order to minimize loss caused by insect pests and diseases affecting both rural and urban forests, the Forest Pest Management Section manages two cooperative cost-share programs in association with the U.S. Forest Service: the Cooperative Gypsy Moth Suppression Program and the Cooperative Forest Health Program. The Cooperative Gypsy Moth Suppression Program conducts an Integrated Pest Management Program to protect forest and shade trees from defoliation by the gypsy moth. The last major outbreak was in fiscal 2008, when 19,279 acres of defoliation occurred despite gypsy moth suppression being conducted on 99,222 acres – the most since fiscal 1995. In fiscal 2013, only 11,996 acres were treated, and only 47 acres of defoliation occurred. The Cooperative Forest Health Program monitors and evaluates insects and diseases affecting Maryland forests. Of concern in recent years are Southern pine beetle, Sirex wood wasp, and walnut twig beetle, which are the subject of ongoing forest surveys. The section also surveys and

treats for hemlock woolly adelgid – a beetle – which preys on the hemlock tree. In fiscal 2013, the department and the Department of Natural Resources treated more than 12,000 hemlock trees for hemlock woolly adelgid through tree and soil pesticide injections.

For further information contact:

Forest Pest Management Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5870

Website: [http://mda.maryland.gov/plants-pests/Pages/forest\\_pest\\_management.aspx](http://mda.maryland.gov/plants-pests/Pages/forest_pest_management.aspx)

## **Mosquito Control**

In order to reduce the risk of transmission of mosquito-borne disease to people and to relieve general annoyance, the Mosquito Control Section administers and implements a statewide mosquito control program. The program includes surveillance of population levels, source reduction, biological control, application of insecticides, evaluation of control strategies, and public education. Chapter 412 of 2010 authorized the Secretary of Agriculture, in cooperation with the local health authority, to require that a person who is causing or allowing mosquitoes to breed or develop on any property in a manner that may pose a threat to public health abate the mosquito habitat.

In calendar 2012, the section provided mosquito control service to 2,614 communities within 16 counties. The program is available on a voluntary basis, and participating areas pay a share of the cost for direct services. One of the goals of the program is to reduce the risk of human exposure to West Nile virus, a disease that can cause severe physical effects in some humans. The number of human cases of this virus increased from two cases in fiscal 2009 to 47 cases in fiscal 2012, including 6 fatalities. In fiscal 2012, the program treated about 6,500 acres for mosquito larvae through insecticide applications and open marsh water management.

For further information contact:

Mosquito Control Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5870

Website: [http://mda.maryland.gov/plants-pests/pages/mosquito\\_control.aspx](http://mda.maryland.gov/plants-pests/pages/mosquito_control.aspx)

## **Pesticide Regulation**

The Pesticide Regulation Section regulates the use, sale, storage, and disposal of pesticides and enforces State and federal pesticide requirements. The section certifies private applicators, most of whom are farmers, as well as commercial applicators to ensure that pesticides are applied properly by competent and trained individuals. This section also inspects licensed pest control businesses, public agencies, and restricted use pesticide dealers, and reviews pesticide application records, restricted use pesticide sales records, safety equipment, storage areas, and application equipment and vehicles. Pesticide misuse and consumer complaints are investigated.

Applicators are required to maintain competency by participating in regular mandatory training courses approved and monitored by the section. In addition, Chapter 222 of 2010 required pest control businesses to register annually with the department each employee, other than a certified applicator, who offers or performs pest control at each business location. The initial application fee and the annual renewal fee are both \$30. A \$30 late fee is established that is applicable to late license, certification, or registration renewals under the Pesticide Applicator's Law. Chapter 222 also clarified the department's authority to charge a \$10 fee for pest control exams retaken after the initial exam.

The section assists in the training of applicators that is conducted by the Maryland Cooperative Extension Service and the pesticide industry. The section also provides information to pesticide applicators, dealers, and the general public on issues concerning pesticide use and regulation. Chapter 523 and 524 of 2013 established the Pesticide Information and Reporting Workgroup to address various issues relating to data on pesticide use. The workgroup recommended that the department contract with the U.S. Department of Agriculture's National Agricultural Statistics Service to undertake a redeveloped statewide survey relating to pesticide use for the calendar years 2014 and 2015. The workgroup's interim report also recommended increasing the annual registration fee for pesticides by \$10, with the additional funds to be used exclusively to fund surveys and data collection on pesticide use. Chapter 546 of 2014 implemented the

workgroup’s recommendation to increase the annual registration fee for pesticides from \$100 to \$110 and increased the terminal registration fee for discontinued pesticides from \$100 to \$110. At least \$10 of each annual registration fee and each terminal registration fee must be used only for the department’s activities relating to the collection, analysis, and reporting of data on pesticide use in the State. In addition, the Acts specify that money expended from the State Chemist Fund for the department’s activities relating to the collection, analysis, and reporting of data on pesticide use is supplemental to and not intended to take the place of funding that otherwise would be appropriated for such activities.

Other projects include registration of pesticide sensitive individuals who receive advance notification of applications to be administered on adjacent properties; recycling of pesticide containers; disposal of unusable or unwanted pesticides; groundwater pesticide monitoring contracted to the U.S. Geological Survey; and training of school personnel in integrated pest management techniques. The activities of the section in fiscal 2011 to 2013 are summarized in Exhibit 5.3.

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**Exhibit 5.3**  
**Pesticide Regulation Section**  
**Pesticide Regulation**  
**Fiscal 2011-2013**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Pesticide Businesses Licensed	1,522	1,755	1,553
Private Applicators Certified to Date	3,354	3,256	3,256
Individuals Taking Examinations	824	931	850
Businesses Inspected	1,099	750	601
Consumer Complaints Investigated	53	108	26

Source: *Maryland Department of Agriculture Annual Report 2013*

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For further information contact:

Pesticide Regulation Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5710

Website: [http://mda.maryland.gov/plants-pests/pages/pesticide\\_regulation.aspx](http://mda.maryland.gov/plants-pests/pages/pesticide_regulation.aspx)

## **Plant Protection and Weed Management**

The Plant Protection and Weed Management Section protects the health of plants and honeybees in Maryland. Programs administered by the section cover nursery inspection, apiary inspection, plant pest surveys, plant quarantines, integrated pest management, noxious weed control, biological control of insects and weeds, invasive plant species, plant certification, and ginseng management. The section also provides service and education in areas related to insect, plant disease, and noxious weed management. Plant protection staff examines and certifies plants at commercial nurseries and plant dealer outlets.

The emerald ash borer – an insect pest that preys on the ash tree – was first detected in Prince George’s County, but in fiscal 2012 was detected in Western Maryland, despite efforts to quarantine it. Subsequently federal and State quarantines have been instituted for all counties west of the Chesapeake Bay and the Susquehanna River. Despite the quarantines, the emerald ash borer was detected in Frederick and Calvert counties in fiscal 2013. In order to help prevent the further spread of the emerald ash borer, the department released three types of parasitic wasps totaling 31,551 parasitoids in fiscal 2012 at 12 sites with known infestation as part of the new plan to enforce quarantines, and implement both chemical and biological control.

All apiaries must be registered with the section. The section inspects and regulates apiaries in order to prevent the spread of bee disease and parasites, and educates beekeepers regarding honeybee health. About \$40 million worth of in-state crops require, or benefit from, honeybee pollination. In calendar 2012, the section inspected 3,841 colonies. Approximately 1,782 beekeepers keep 13,924 colonies scattered throughout the State.

For further information contact:

Plant Protection and Weed Management Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5920  
Website: [http://mda.maryland.gov/plants-pests/pages/plant\\_protection\\_weed\\_management.aspx](http://mda.maryland.gov/plants-pests/pages/plant_protection_weed_management.aspx)

## **Turf and Seed**

The Turf and Seed Section has two main functions: encouraging in-state production of quality turf and seed and ensuring the integrity of seed sold and purchased in Maryland. In fiscal 2013, section staff inspected 13,534 acres of crop seed and conducted 2,941 regulatory seed tests. As the number of crop varieties continues to increase, particularly from biotechnology research investments made by private companies, the need for quality control will remain strong.

Maryland’s turf grass law, which requires all turf grass sod, plugs, and sprigs to be labeled accurately, enables purchasers to obtain sod of a consistently high quality. The section administers a voluntary turf certification program that has served as a model for several other states. Likewise, the section assures that seed production conforms to department standards. A variety of seed testing services are offered, and regular certification inspections provide for quality standards and proper count, labeling, mix, and use.

Seed wholesalers doing business in the State must obtain a wholesale seedsman’s permit. The annual fee for the permit is \$100. Section inspectors visit retail and wholesale seed vendors and draw samples from seed bags or bins that are then laboratory tested. Each seed lot is checked for purity, germination, and the presence of other crop or weed contaminants. Inaccurately labeled or misrepresented seed lots are removed from the marketplace. The program also tests farmer-produced small grains for use in the Cover Crop Program.

For further information contact:

Turf and Seed Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5960  
Website: [http://mda.maryland.gov/plants-pests/pages/turf\\_seed.aspx](http://mda.maryland.gov/plants-pests/pages/turf_seed.aspx)

## **State Chemist**

The State Chemist Section regulates the sale and distribution of animal feeds, commercial fertilizers, soil conditioners, pesticides, and agricultural liming materials. These products must be registered with the section, and a registration fee is required. Chemical analysis by the State chemist determines if a product meets the formulation shown on its label. Inspections are often done by random selection of sample products offered for sale in the marketplace.

The section also has responsibility for enforcement actions, which may include removal from sale of unsafe, ineffective, or misbranded products. In fiscal 2013, the section issued 140 stop sale orders for pesticides, fertilizers, and feeds and issued 265 non-registered stop sale orders. The section has the authority to impose civil penalties.

Chapters 278 and 279 of 2009 and Chapters 484 and 485 of 2011 restricted the use of nitrogen and phosphorus on turf. These laws enhanced the scope of the section's responsibilities from just formulation verification to ensuring that labels on fertilizer products sold for use on lawn and turf in Maryland reflect use instructions and restrictions that conform with the Act's application requirements.

For further information contact:

State Chemist Section  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-2721  
Website: [http://mda.maryland.gov/plants-pests/pages/state\\_chemist.aspx](http://mda.maryland.gov/plants-pests/pages/state_chemist.aspx)

## **Office of Resource Conservation**

The Office of Resource Conservation implements various agricultural conservation and resource protection programs that assist farmers in balancing farm productivity with the protection of soil and water resources. Programs provide farmers with a range of educational, technical assistance, financial, and regulatory services.

The office works with numerous local, State, and federal agencies in four key areas:

- Program Planning and Development;
- Conservation Operations;
- Conservation Grants; and
- Nutrient Management.

### **Program Planning and Development**

The Program Planning and Development Section develops policy, new programs, and public information regarding nonpoint source pollution and resource conservation issues. Activities are coordinated among local soil conservation districts, federal and State agencies, and public and private agricultural and natural resource organizations. The section also staffs the State Soil Conservation Committee, which coordinates the 24 soil conservation districts and appoints district supervisors.

Chapter 429 of 2012 repealed provisions related to financing assistance for animal waste technology projects from the Maryland Economic Development Assistance Fund, within the Department of Business and Economic Development, and established an Animal Waste Technology Fund administered by the department to provide financial assistance for animal waste technology projects to individuals and business enterprises that (1) conduct research or develop technologies that are intended to reduce the amount of nutrients in animal waste; (2) alter the composition of animal waste; (3) develop alternative animal waste management strategies; or (4) use animal waste in a production process.

### **Conservation Operations**

The Conservation Operations Section focuses on the conservation of soil and water resources and implementing the agricultural component of the State's Watershed Implementation Plan. One approach for addressing the conservation of soil and water resources is the formulation of comprehensive soil conservation and water quality plans designed to both identify and resolve pollution problems. In fiscal 2013, soil conservation planners developed 921 comprehensive plans for 29,785 acres of farmland. Overall, 911,237 acres of farmland are managed under soil conservation plans. A second approach involves working with the 101 local public drainage associations in the development of operation and maintenance of over 821 miles of drainage systems on the Eastern Shore.

The section also works with local conservation districts to respond to complaints about soil erosion, odors, and other farm compliance concerns; in fiscal 2013, 102 such complaints were received, of which 6 prompted enforcement action.

Large and medium poultry operations (37,500 chickens or more) are subject to regulation by the Maryland Department of the Environment. Pursuant to regulations adopted in 2009, Concentrated Animal Feeding Operations (poultry operations that have the potential to discharge) must be registered under the General Discharge Permit for Animal Feeding Operations from the Maryland Department of the Environment. This permit became effective December 1, 2009, after withstanding several court challenges. The regulations also require Animal Feeding Operations (poultry operations with 125,000 chickens or more and that do not have the potential to discharge to surface waters) to obtain a general permit from the Maryland Department of the Environment. Other Concentrated Animal Feeding Operations with animals other than chickens also are subject to this regulation. The Office of Resource Conservation provides outreach and education to the 571 affected poultry operations to assist them in maintaining compliance with the Concentrated Animal Feeding Operations regulations.

Chapter 339 of 2013 established a voluntary Maryland Agricultural Certainty Program to accelerate the implementation of agricultural best management practices to meet State agricultural nitrogen, phosphorus, and sediment reduction goals. Under the program, the department may certify an agricultural operation if, among other things, the department determines that the operation (1) has a fully implemented soil conservation and water quality plan; (2) has a fully implemented nutrient management plan; (3) meets nitrogen, phosphorus, and sediment load reductions associated with local or Chesapeake Bay-wide Total Maximum Daily Load (TMDL) reductions; and (4) meets State and federal laws, regulations, and permit conditions relating to agricultural sources of nitrogen, phosphorus, or sediment reduction applicable to the operation. A certification is valid for 10 years if the operation remains in compliance with program requirements and there are, generally, no material changes to the operation. Generally, an agricultural operation that is in compliance and certified under the program is not subject to State or local laws or regulations enacted or adopted after the date of certification that relate to the reduction of agricultural sources of nitrogen, phosphorus, or sediment to meet the Chesapeake Bay TMDL, local TMDLs, or other water quality requirements. At the end of the 10-year certification period, a certified operation must comply with all applicable laws, regulations, rules, and permit conditions that went into effect after the operation was initially certified. Regulations are anticipated to be adopted in calendar 2014.

The Maryland Nutrient Trading Program, launched in calendar 2010, assists farmers and landowners generate tradable nitrogen, phosphorous and sediment credits that can be sold in the private sector. Chapter 447 of 2010 authorized the department to establish requirements for the voluntary certification and registration of nutrient credits on agricultural land. This step allows the department to continue developing its agricultural nutrient trading program, which will complement nutrient management plans to control nutrient runoff from farms and help meet the State's Chesapeake Bay restoration goals.

Most recently, Chapter 25 of 2012 added sediment trading to the nutrient trading program by authorizing the department to establish requirements for the voluntary certification and registration of sediment credits on agricultural land. The website, [www.mdnutrienttrading.com](http://www.mdnutrienttrading.com), contains a credit calculator, a central registry, and a marketplace to help potential participants determine baseline compliance. More than 200 farms – representing about 2% of Maryland’s total agricultural acreage – have been evaluated using the calculation tool. About 60% of these farms have the capability to meet program requirements and could be eligible to trade. Point and nonpoint source trading guidelines are being revised in accordance with the Accounting for Growth offset policy required as part of the State’s Watershed Implementation Plan. Offset policy regulations are anticipated to be adopted in calendar 2014 or 2015.

### **Conservation Grants**

The Conservation Grants Section administers a variety of assistance programs aimed at encouraging farmers to install best management practices (conservation measures used to prevent the loss of soil and nutrients from farmland). Cost-share assistance is available under the Maryland Agricultural Water Quality Cost Share Program for the installation of various best management practices, such as stream protection and manure storage; the planting of cover crops; transporting manure from farms with excess manure to farms where the manure can be used within nutrient management guidelines; the incorporation of injection of manure; and installation of best management practices and signing incentive payments for farmers who enroll in the Conservation Reserve Enhancement Program, a federal-State initiative. Chapter 428 of 2012 increased funding from \$35,000 to \$50,000 for water quality best management practices and from \$100,000 to \$200,000 for the maximum dollar amount of State cost-sharing for manure storage projects under the Maryland Agricultural Water Quality Cost Share Program. In addition, Chapter 150 of 2012 increased the bay restoration fee revenue available for the department’s Cover Crop Program.

In fiscal 2013, farmers received \$26.7 million in grants to install 2,546 projects and invested approximately \$1.0 million of their own funds; \$20.8 million of the \$26.7 million was for cover crop funding. Improvements related to these expenditures will prevent an estimated 2.6 million pounds of nitrogen and 109,500 pounds of phosphorus from entering Maryland waterways each year. The projects will also help manage an estimated 16,703 tons of soil annually. Further, the State provides low-interest loans through the Low Interest Loans for Agricultural Conservation Program. The low-interest loans supplement grant payments for more costly improvements, such as wetlands creation or construction of an animal waste management system and supports conservation equipment that is not eligible for cost sharing. The section worked with the Maryland Department of

the Environment and soil conservation districts to provide farmers with \$104,334 in loans in fiscal 2013, which is down from the approximately \$1.0 million provided in fiscal 2009.

## **Nutrient Management**

The Nutrient Management Program trains, certifies, and licenses nutrient management consultants and the development of nutrient management plans.

Under the Water Quality Improvement Act of 1998, most Maryland farmers were required to have a nutrient management plan that addresses nitrogen and phosphorus runoff. Toward this end, the program administers all components, including certification of nutrient management consultants, development of planning software, and sponsorship of training workshops. By the end of fiscal 2013, 99.5% of Maryland's 5,382 regulated farm operators were in compliance with the requirement of submitting an initial nutrient management plan. The program has certified 1,187 consultants to write these plans. Under a separate program, 488 farmers have been certified to write plans for their own farms. Farmers are required to keep their nutrient management plans updated and submit an Annual Implementation Report. In fiscal 2013, the program conducted 738 on-farm plan implementation reviews and inspections and found that (1) 73% of the farms were in compliance; (2) 16% were out of compliance due to expired plans; (3) 6% were out of compliance due to over-application; (4) 3% were out of compliance because they had no plan; and (5) 2% were out of compliance due to incomplete plans.

Agricultural nutrient management regulations adopted in 2012 incorporate the latest scientific research and seek to further restrict pollution from agricultural land in order to help the State achieve its bay restoration goals. The regulations establish more rigorous requirements concerning the use of manure, biosolids, and other organic nutrient sources on crop fields. Key features include:

- Beginning July 1, 2016, nutrient applications will be prohibited between November 2 and February 28 for Eastern Shore farmers and between November 16 and February 28 for Western Shore farmers.
- Organic nutrients must be incorporated into the soil within 48 hours of application.
- Farmers will be required to plant cover crops when they use organic nutrient sources in the fall.
- Beginning in 2014, farmers will be required to establish a 10 to 35 foot "no fertilizer application zone," where fertilizer includes organic sources, adjacent to surface water and streams.

- Beginning in 2014, farmers will be required to protect streams from livestock traffic by providing fencing or approved alternative best management practices.
- Fall fertilizer applications for small grains must be limited.

Chapters 484 and 485 of 2011, the Fertilizer Use Act of 2011, expanded the State’s regulation of the content, labeling, and application of fertilizers used on turf; and required the department to both establish a certification program for professional fertilizer applicators and a public education program. In addition, Chapters 484 and 485 established the department’s exclusive authority to establish standards regulating fertilizer and its application to turf and local government entities are prohibited from adopting laws, regulations, rules, ordinances, or standards regulating fertilizer and its application to turf. As of June 15, 2014, the program has certified 1,147 professional turf fertilizer applicators and issued 445 business licenses to register professional applicators.

For further information contact:

Office of Resource Conservation  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5864  
Website: [http://mda.maryland.gov/resource\\_conservation/Pages/resource\\_conservation.aspx](http://mda.maryland.gov/resource_conservation/Pages/resource_conservation.aspx)

## **Maryland Agricultural Land Preservation Foundation**

The Maryland Agricultural Land Preservation Foundation, in administering the Agricultural Land Preservation Program, cooperates with county governments to direct development or slow its pace through the acquisition of agricultural conservation easements. Previously, the establishment of an agricultural preservation district was necessary in order to be eligible to apply to the foundation for the sale of a perpetual agricultural conservation easement. However, Chapter 650 of 2007 deleted this requirement and required the termination of all district agreements on June 30, 2012.

Agricultural land conservation easements are granted through a competitive process; properties must meet certain minimum requirements, such as size, soil type, and location. In addition to the standard easement payment offered upfront on a lump-sum basis, the foundation offers installment payments for up to 10 years.

To leverage additional funding for the Agricultural Land Preservation Program, Chapter 36 of 2010 authorized the foundation to establish a Farmland Preservation Partnership Program to preserve productive agricultural and forest lands. The foundation may form partnerships with public and private entities for the purpose of purchasing agricultural preservation easements on qualifying farms; however, the partners must cover the full purchase price.

Chapter 581 of 2011 established the Critical Farms Program in order to acquire agricultural preservation easements on critical farms through either a purchase of an easement option from an owner or purchaser of a critical farm or the purchase of a fee simple interest in property and the sale, lease, exchange, or transfer of the property, with an agricultural land preservation easement in place. However, as of 2014, no funding has been provided for the program.

Chapter 12 of 2014 prohibited the Agricultural Land Preservation Program from purchasing an easement for more than 75% or less than 25% of the fair market value of the land. Authorization is provided to purchase an easement for less than 25% of the fair market value of the land only if the owner's asking price is less than 25% of the fair market value of the land. The intent is to moderate extremes in the calculation of easement values, instill more fiscal responsibility, make offers more consistent with values paid by other conservation groups, and ensure that fair offers are extended to landowners.

In 2002, the General Assembly passed Joint Resolution 16, which set a goal of tripling the amount of protected agricultural land in Maryland through the various preservation programs – for a total of 1,030,000 acres – by 2022. As of June 2014, Maryland Department of Planning numbers indicate that a total of 586,447 acres (counted toward the goal) have been preserved by the Maryland Agricultural Land Preservation Program (288,917 acres), local preservation programs (196,903), Rural Legacy (78,163), and GreenPrint (22,464 acres).

For further information contact:

Maryland Agricultural Land Preservation Foundation  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
410-841-5860

Website: [http://mda.maryland.gov/Pages/Agland\\_Preservation\\_Foundation.aspx](http://mda.maryland.gov/Pages/Agland_Preservation_Foundation.aspx)

## Chapter 6. Natural Resources Management

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The mission of the Department of Natural Resources is to preserve, protect, enhance, and restore Maryland's natural resources for the wise use and enjoyment of all citizens. The department manages more than 475,000 acres of public lands and 17,000 miles of waterways, along with Maryland's fisheries, forests, and wildlife. Some of the department's regulatory activities have an impact on a broad cross section of businesses and other interested parties, while other regulatory functions have a more narrow focus.

This chapter highlights the department's efforts to protect the environment and maximize the use of natural resources within specific industries. Emphasis is placed on:

- commercial fishing and aquaculture;
- forestry and forest conservation;
- wildlife management; and
- boating.

This chapter also describes the Chesapeake and Atlantic Coastal Bays Critical Area Program and the enforcement of natural resources laws.

### Commercial Fishing and Aquaculture

The Fisheries Service manages commercial and recreational fishery harvests to maintain sustainable quality fisheries, enhance and restore fish and shellfish species in decline, promote ethical fishing practices, and ensure public involvement in the fishery management process. The regulatory activities of the Fisheries Service relating to fishing and aquaculture are discussed below.

#### Fishing

The fishing industry in Maryland has long been one of the State's major industries. Commercial finfish and shellfish catches for fiscal 2013 totaled over 63 million pounds and had a dockside value of approximately \$74.5 million.

The Fisheries Service issues commercial and recreational licenses, regulates the timing and length of the seasons for various species, sets size and catch limits, and sets individual and overall quotas. The Fisheries Service also enforces a variety of other specific regulations related to how, when, and where various types of species may be landed.

Maryland operates under a limited entry program for commercial fishing licenses. The commercial fishing license year begins September 1 each year and ends August 31 of the following year. The Fisheries Service sets by regulation caps for most license types.

The commercial fishery for striped bass is capped at 1,231 licensees and the striped bass charter boat fishery is capped at 499 licenses. Each striped bass licensee is required to declare the licensee's intent to harvest striped bass each year to maintain the licensee's striped bass authorization. The declaration of intent takes place every August at the department's regional service centers (see Appendix 2). The Fisheries Service monitors licensees to determine eligibility and maintains a waiting list for noneligible fishermen possessing a valid license. To enter the striped bass fishery, current finfish license holders must apply to gain a spot on the waiting list.

The Fisheries Service is also required to establish waiting lists for all other commercial fishing activities. In fiscal 2014 (generally August 1 through July 31), the Fisheries Service issued 7,576 commercial watermen licenses and authorizations, as shown in Exhibit 6.1 by category. The Fisheries Service also issued 359,267 sport fishing licenses and 50,994 recreational crabbing licenses in calendar 2013.

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**Exhibit 6.1**  
**Commercial Watermen Licenses**  
**Issued in Fiscal 2014**

<u>Commercial License Categories</u>	<u>Number of Licenses</u>
Finfish (Hook and Line)	208
Finfish Harvester (All Gears)	239
Limited Crab Catcher	2,525
Limited Crab Catcher – Male Only	432
Crab Harvester (300 Pots)	251
Single Additional Pot Authorization (up to 600 Pots)	218
Double Additional Pot Authorization (up to 900 Pots)	391
Clam Harvester	9
Oyster Harvester	655
Oyster Dredge Boat	2
Conch, Turtles, and Lobster	16
Unlimited Tidal Fish License	2,122
Resident Fishing Guide	460
Nonresident Fishing Guide	34
Master Fishing Guide	<u>14</u>
<b>Total</b>	<b>7,576</b>

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Some of the specific regulations that apply to various species are displayed in Exhibit 6.2.

**Exhibit 6.2  
Summary of Commercial Fisheries Regulations in Maryland (May 2010)**

<b>Species</b>	<b>Minimum Size</b>	<b>Commercial Season, Days, Times, and Area Restrictions</b>	<b>Special Conditions/Comments</b>
Bass, Black Sea	11"	Landing permit required	Individual without a Landing Permit – 50 lbs.
Bass, Striped-Bay Pound Net	18"- 36"	June 1-Nov. 30 – Mon.-Sat. 12 am to 6 pm	Permit required. Check-in required by 9 am the day after harvest
Bass, Striped-Bay Haul Seine	18"- 36"	June 1-Nov. 30 Mon.-Fri.	Permit required. Must have DNR sealed haul seine. Check-in required by 9 am the day after harvest
Bass, Striped-Bay Hook & Line (ITQ and common pool)	18"- 36"	June 1-Nov. 30 Mon.-Thurs. (but see public notice for days for common pool fishery)	See public notice for catch limits for common pool fishery
Bass, Striped-Bay Drift Gill Net (ITQ and common pool)	18" - 36"	Jan. 1-Feb. 28 & Dec. 1-Dec. 31 3 am til 6 pm, Mon.-Fri. (but see public notice for times for common pool fishery)	Permit required – See public notice for catch limits for common pool fishery
Bass, Striped-Ocean Trawl-Drift Gill Net	24"	Jan. 1-Apr. 30 & Nov. 1-Dec. 31 Mon.-Fri.	Permit required – Allocation determined annually
Bluefish	8"	Open year round	
Catfish: Blue, Channel, White	None	Open year round	
Clam, Hard	Transverse 1"	Sept. 15-May 31 sunrise to sunset (4 pm in coastal bays and when using hydraulic dredge in Chesapeake Bay)	Size tolerance of 10%. Hydraulic dredge use in coastal bays prohibited year round
Clam, Soft	2"	May 15-Oct. 31 15 bushel/day/boat Nov. 1-May 14 8 bushel/day/boat	Immediate cooling required Apr. 15-Oct. 31 Time: Nov. 1-Apr. 14 sunrise to sunset Apr. 15- Oct. 31 ½ hour before sunrise to 1 pm
Crab, Blue	All season 3½" Soft  4/1 - 7/14 5" Hard 3¼" Peeler  7/15 - 12/15 5½" Hard 3½" Peeler  No Min. Size for Mature Females	Apr. 1-Dec. 15 Sun. or Mon. off pots/traps/rings/handlines or dip nets	Mature female harvest prohibited June 1-June 15; Sept. 26-Oct. 4 & Nov. 11-Dec. 15 Catch limits subject to change by public notice during the season. Special provisions for Worcester Co: (1) Season – Apr. 1- Oct. 31; (2) Catch limit – 25/bushel/day/boat, (3) cull ring closed Apr. 23-May 31; (4) No scrapes/dredges; and (5) 5" hard entire season
Crab, Horseshoe		June 9-July 16 – 1 mile or more off Atlantic Coast – July 17-Nov. 30 all tidal waters Quota – 150 person/day w/permit/25/person/day w/o permit	Harvest of females is prohibited
Conch	6"	Open Year Round	
Croaker	9"	March 16-Dec. 31	Closed Jan. 1-March 15
Drum, Black	16"	Closed in Bay and coastal bays	Atlantic Coast – Statewide Quota 1,500 lbs. annually

Drum, Red	18" Max. 25"	Open year round	5 fish/person/day
Eel, American	9"	Open year round	Gear restrictions in certain times of year
(Ocean) Flounder, Summer	16" Hook & Line 14" Other	Annual quota	Individual quotas issued. Individual w/o permit: 100 lbs./day
(Bay) Flounder, Summer	16" Hook & Line 14" Other	Annual quota	Individual quotas issued. Individual w/o permit: 50 lbs./day
Herring	None	Closed	
Lobster	3-3/8" Carapace Min./Max. 5-1/4" carapace	Open year round	V-notched females prohibited
Mackerel, Spanish	14"	Open year round	3.500 lbs./vessel/day or trip
Oysters	3"	Tong & dive: Oct. 1-29 & Jan. 1 – March 31 Mon.-Fri. sunrise til 3 pm 15 bushels/licensee – 30 bushels/boat Skipjacks (dredge boats) Nov.1 – Dec. 31 Mon.-Fri. sunrise to sunset Jan. 1-March 31 sunrise to 3 pm 150 bushel limit/boat  (tong, dive, and dredge boat – Nov. 1-Dec. 31 – sunrise to sunset)	Several areas closed. Consult public notices  Power dredge Nov. 1-March 31 in designated areas of Calvert, Dorchester, Somerset, St. Mary's, Talbot, & Wicomico counties. Permit required for power dredge
Perch, White	8"	Open year round	No minimum size for hook and line
Perch, Yellow	8½" - 11" Hook & Line 9"	Jan. 1-March 10  Hook & Line 10/person/day	Fishing allowed in Bay, north of bridge excluding Magothy, & in the Patuxent Must have permit and tag.
Walleye Pike	15"	March 15-Nov. 30 – 5/person/day	By hook and line only
Scup	9"	Jan.-Apr. (Winter I)/May-Oct (Summer)/Nov.-Dec. (Winter II)	Federal trip limits announced annually; federal permit required
Sea Trout, Spotted	14"	Open year round	Quota of 150 lbs/day or trip; trawl mesh min. 3-3/4" stretched; gill net mesh min. 3" stretched
Shad, American & Hickory	None	Bay: Closed – Ocean: Closed	
Sturgeon (Atlantic & Shortnose)	Closed	Closed	Closed
Tautog	16"	Closed in Dec. Nov. 1-Nov. 26 & Jan. 1-May 15 – 4/person/day May 16-Oct. 31 – 2/person/day	Specific standards for pots and traps
Terrapin, Diamondback	None	Closed	
Turtles, Snapping	11"	Year round – permit and reporting required	May not pierce a turtle to capture. Charles County closed Apr. 15-May 31. Turtle nets must have airspace
Weakfish	12"	Chesapeake Bay: hook & line- Aug. 1-Sept. 30 50 lb. trip or daily limit; All other gear subject to daily or trip limits (100 lbs. in Atlantic Ocean and Coastal Bays; 50 lbs. in Chesapeake Bay)	Specific standards for trawl mesh and gill net mesh. Weight of weakfish may not exceed weight of catch of all other species on board the vessel for trip or daily limits for gear other than hook and line. No hook and line allowed in Atlantic Ocean and Coastal Bays

Source: Department of Natural Resources.

### **Charterboat Fishing**

In order to accept direct or indirect consideration for providing services as a fishing guide in Maryland waters, a person must obtain a fishing guide license. A person who is licensed by Virginia to operate a charter boat in its jurisdictional tidal waters and reported fishing activity in 2001 and 2002 may obtain a Maryland Provisional Chesapeake Bay Charterboat Permit to act as a fishing guide in Maryland tidal waters of the Chesapeake Bay. In fiscal 2014, the Fisheries Service issued 508 fishing guide licenses, including resident and nonresident tidal fishing guide and master fishing guide licenses.

### **Aquaculture**

The Fisheries Service also regulates the State's aquaculture industry, which rears fish, shellfish, and aquatic plants for sale, trade, barter, or shipment. A person who wishes to engage in aquaculture must obtain a permit from the Fisheries Service. Permits for raising nonnative species or nonnative stocks will only be issued if the operation is limited to nontidal ponds, lakes, or impoundments, and the operation is constructed in a manner that assures nonnative stocks are precluded from entering tidal waters or contaminating native species of the State. As of July 2014, 58 aquaculture permits for species other than oysters or clams had been issued for the rearing of a wide variety of products, including over 30 species of finfish, shrimp, crayfish, turtles, coral, and aquatic plants.

In recent years, legislation was enacted to significantly restructure Maryland's shellfish (oysters and clams) aquaculture program, particularly to encourage oyster aquaculture. New lease laws were established to remove the location, size, and corporate ownership limitations that restricted shellfish aquaculture development in the past. Under the new shellfish aquaculture program, the responsibility for shellfish aquaculture permitting is consolidated under the Fisheries Service, which has implemented numerous policies to incentivize shellfish aquaculture operations. The department also worked with the U.S. Army Corps of Engineers to establish a regional general permit for shellfish aquaculture that streamlines the federal permitting process. These actions have helped to eliminate significant regulatory hurdles and shorten the timeframe before lease approval. The removal of location, size, and corporate ownership limitations for shellfish aquaculture leasing increases the areas available for leasing and makes the shellfish aquaculture program more attractive for, and available to, outside investment. Under the new shellfish aquaculture program, daily harvest limits and seasons are eliminated; thereby, allowing the Fisheries Services, in accordance with statutory authority, to relax the minimum size limits and allow year-round harvest. As of August 2014, since 2011 the Fisheries Service has issued 102 new shellfish aquaculture leases to businesses on 2,061 acres, and the department is currently processing another 80 lease applications.

In support of oyster restoration and the new shellfish aquaculture program, in recent years significant State capital funding has been provided for the expansion of the oyster spat (juvenile oysters) production facility at Horn Point and the Maryland Artificial Reef Initiative (which uses reef building materials from various sources, including salvaged structures such as the old Woodrow Wilson Bridge, to create new reefs). The Fisheries Service is authorized to issue a shellfish nursery permit authorizing the commercial rearing of shellfish seed on land or in unleased areas.

In another effort to encourage shellfish aquaculture production, the department partnered with the Maryland Agricultural and Resource-Based Industry Development Corporation to provide affordable financing to watermen and other parties who want to start or expand commercial shellfish aquaculture operations in Maryland. As of August 2014, since the program began in fiscal 2011, loans totaling nearly \$3.1 million have been approved for 54 shellfish aquaculture projects in 10 counties. The University of Maryland Extension and the Oyster Recovery Partnership also contribute to this effort by providing training and business planning assistance to current and prospective shellfish growers.

For further information contact:

Fisheries Service  
Permit Coordinator  
Department of Natural Resources  
Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
410-260-8315  
Toll Free: 800-688-3467  
Website: <http://www.dnr.maryland.gov/>

## **Forestry and Forest Conservation**

The forest industry provides over \$4 billion of direct annual impact to Maryland's economy, directly employing about 14,000 people in businesses ranging from logging, sawmills, cabinet shops, and box factories. The Forest Service supports Maryland's forest and tree resources by providing private forest land management expertise, wildfire protection, urban and community forestry assistance, and tree planting programs. The Forest Service manages 143,131 acres of State forests and 66,669 acres of Chesapeake Forest lands (a State-owned sustainable forest managed by a private forestry firm) for their ecological, economic, and recreational benefits. The regulatory activities of

the Forest Service regarding tree expert licensing, the Roadside Tree Law, forest product operator licensing, the Seed Tree Law, and forest conservation are discussed below.

### **Tree Expert Licensing**

The Forest Service seeks to create a balance between natural ecosystems and the development of local communities through the protection, conservation, and management of the State's urban forest and tree resources. The Forest Service regulates the commercial tree care services industry on private and public property through the issuance and renewal, and, if necessary, the suspension or revocation, of tree expert licenses. In fiscal 2014, there were 1,280 licensed qualified and insured tree care companies and individuals.

The Forest Service is also responsible for implementing the application process and professional examinations for licensed tree care specialists. Criminal penalties may be pursued by the Forest Service, with assistance as needed from the Natural Resources Police, for operating a tree care business without a license and the false advertisement or solicitation of an unlicensed tree expert business. Administrative penalties may apply for fraud or deceit in obtaining a license, negligence or wrongful conduct in the practice of tree care, and violation of rules of ethics promulgated by the Forest Service. The Office of the Attorney General provides assistance regarding the enforcement of administrative penalties.

### **Roadside Tree Law**

The Roadside Tree Law authorizes the Forest Service to regulate the treatment of trees within public road rights-of-way in Maryland by outlining permitting processes and standards of care. A permit is needed to remove or plant a tree within a public road right-of-way. Any care or removal of a roadside tree must be done by a licensed tree care expert. A permit ensures that:

- only beneficial and necessary tree maintenance services are done;
- tree hazards are documented and corrective action is taken in a timely and safe manner; and
- the correct type of tree is planted in the proper location to avoid future problems.

In fiscal 2014, the Forest Service issued 732 individual roadside tree permits and 518 blanket permits. Criminal penalties may be pursued by the Forest Service, with assistance as needed from the Natural Resources Police, for:

- removing or trimming a roadside tree without a permit;
- failure to meet applicable tree care and clearance standards;
- failure to replace trees;
- improper herbicidal use; and
- failure to adhere to roadside tree planting specifications.

Administrative penalties may apply for the violation of the terms of a permit or the violation of the law in general, and are pursued by the Forest Service with assistance from the Office of the Attorney General.

Local jurisdictions are also authorized to adopt laws concerning the planting, care, and protection of roadside trees that are stricter than State law as long as these laws do not conflict with State law.

### **Forest Product Operator Licensing**

Under the Forest Product Operators Law, the Forest Service ensures the adequacy of forestry practices and protects consumer interests through the issuance of forest product operator licenses. This license, also required for all forest product manufacturing plants, requires forest product operators to harvest trees in a manner that leaves forests in favorable condition for re-growth and to accurately represent the goods for sale. The Forest Service defines forest product operators as firewood dealers, sawmills, whole tree chippers, and pulp wood and logging contractors. This license is also required for others engaging in a forest production business including mulch suppliers, land clearing companies, tree removal companies, and lumber brokers. Through the licensing process, the Forest Service determines the annual level of harvest and the overall effect on the State's natural resources. In fiscal 2014, the Forest Service issued forest product operator licenses to 364 Maryland businesses and 60 out-of-state businesses.

## **Maryland Seed Tree Law**

The Maryland Seed Tree Law requires forest product operators to leave a certain number of pine trees per acre during timber harvest operations conducted on five acres or more of forest in which 25% or more of the trees are loblolly, shortleaf, or pond pines. The law's intent is to ensure that the State's pine resources are sustained for ecological purposes and for the long-term supply of wood fiber essential to commerce and industry. Instead of leaving pine trees standing, a forest product operator may submit to the Forest Service a reforestation plan indicating how it will ensure regeneration of harvested areas. Regeneration is generally accomplished by either leaving seed trees or replanting pine seedlings in sufficient number to meet the requirements of the law. The Forest Service reviews, approves, and monitors forest regeneration plans to ensure compliance with the law. Each year, approximately 30 to 40 harvested areas (on 1,000 to 1,500 acres) are subject to this law.

## **Forest Conservation**

The Forest Conservation Act's purpose is to minimize the loss of forest resources that may occur during development projects. The Act requires developers to obtain approval of a forest conservation plan before subdivision grading or sediment and erosion control approvals are granted for projects covering an area of 40,000 square feet (approximately one acre) or greater. Specific projects for which other forest protection requirements often apply, such as cutting or clearing for public utilities and certain water quality projects, are exempt from the provisions of the Act. The forest conservation plan must be prepared by a licensed forester, a licensed landscape architect, or another qualified professional. The plan must include:

- an inventory of the natural resources on the site;
- protection mechanisms for the existing forest;
- a plan for afforestation or reforestation, if needed; and
- an agreement that either preserves forested priority areas or limits the use of the forest to uses consistent with forest conservation.

The amount of forest that must be retained on a site subject to development is calculated according to the size of the site and the designated land use. Development on land zoned for higher intensity uses, such as commercial or industrial uses, requires less

retention or afforestation than development on land zoned for low-intensity uses, such as agriculture or resource conservation areas. Some afforestation may be required on sites that have less than the requisite minimum forest cover. Reforestation or afforestation, if required, may be accomplished on the site, on another site, or through payment into the State Forest Conservation Fund or a local forest conservation fund.

The department administers the State Forest Conservation Fund, which consists of payments made by an applicant in lieu of performance of on- or off-site afforestation or reforestation requirements and penalties collected for noncompliance with specified forestry requirements. However, a local approval authority may establish and administer a local forest conservation fund to apply in that local jurisdiction instead of the State fund. Chapter 466 of 2010 altered the rates for contributions to the State Forest Conservation Fund and local forest conservation funds by establishing higher rates for projects located outside Priority Funding Areas, as a way to encourage development within Priority Funding Areas. Approval of developers' plans is generally undertaken and enforced by local planning and zoning authorities that have gained the Forest Service's approval for their forest conservation program. If the local authority, however, fails to submit a suitable forest conservation program to the Forest Service, the Forest Service must assume responsibility for the review and approval of all forest conservation plans within the jurisdiction of that local authority.

From 1993 through 2013, 230,905 acres of forest were reviewed on projects scheduled for development before construction permits were obtained. Of the acreage reviewed, 142,856 acres were retained, 79,839 acres were cleared, and 25,374 acres were planted with new forest. Administrative penalties may apply for the violation of any part of the Act, including:

- failing to follow the terms of a specific forest conservation plan;
- obtaining forest conservation plan approval through misrepresentation or failure to disclose relevant facts; and
- violating the terms and provisions of an easement, covenant, deed, or restriction governing a forest mitigation bank.

For further information contact:

Forest Service  
Department of Natural Resources  
E-1 Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
410-260-8531  
Toll Free: 877-620-8367  
Website: <http://www.dnr.maryland.gov/>

## **Wildlife Management**

The Wildlife and Heritage Service provides technical assistance and expertise to the public and private sectors for the conservation and enhancement of Maryland's wildlife resources, including the management of threatened and endangered species, game birds, and game mammals. The Wildlife and Heritage Service also operates approximately 115,000 acres of State-owned lands classified as Wildlife Management Areas. The Wildlife and Heritage Service regulates hunting, trapping, and other wildlife management activities through permitting and licensing. Professional licenses issued include licenses for the sale of captive reptiles and amphibians, deer damage control, fur dealers, game husbandry, waterfowl outfitting and guiding, waterfowl processing, taxidermy, nuisance wildlife control, regulated shooting areas, and the collection of wildlife for scientific purposes.

In fiscal 2014, a total of 116,754 hunting licenses were issued to 93,691 resident hunters and 23,063 nonresident hunters. Those hunters were entitled to hunt deer, wild turkey, game birds, and small game mammals without any other stamps or permits. Further, licenses were issued to 56,551 individuals to hunt waterfowl, 748 individuals to hunt bear, and 10,992 individuals to hunt furbearing mammals. A total of 359,812 hunting licenses, stamps, and permits were sold.

For further information contact:

Wildlife and Heritage Service  
Department of Natural Resources  
Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
410-260-8540  
Toll Free: 877-620-8367  
Website: <http://www.dnr.maryland.gov/>

## **Boating**

State regulation of the boating industry under the State Boat Act must conform with federal standards in areas such as “numbering vessels for identification,” and may not conflict with any federal law or regulations that apply to vessels on Maryland waters. A dealer or manufacturer who buys, sells, or exchanges new or used vessels, or who manufactures or imports new or used vessels for the purpose of sale or trade, is required to obtain a boat dealer license from the department’s Licensing and Registration Service. A dealer may also include a yacht broker and a holder of a lien (based on charges for services provided for the vessel) who sells the vessel. To qualify for a license, the dealer must post a surety bond. Out-of-state dealers and manufacturers are exempt from State licensing if they only display and sell their vessels at a boat show, boat exposition, or outdoor recreation show. In fiscal 2013, there were 447 licensed Maryland boat dealers.

All powered vessels principally used in Maryland, whether commercial or recreational, must be titled in Maryland and must display a biennial vessel registration decal. Vessels documented through the U.S. Coast Guard must display a documented use decal. The Licensing and Registration Service operates seven regional service centers to assist the public with boat titling and vessel registration (see Appendix 2). Licensed dealers are authorized to issue temporary vessel registrations and must collect the required vessel excise tax and fees on the sale of boats. These revenues are forwarded to the dealer’s managing regional service center. The Licensing and Registration Service issued or renewed approximately 104,000 vessel registrations during fiscal 2013, for a total of approximately 184,189 registered and documented vessels principally used in Maryland.

For further information contact:

Licensing and Registration Service  
Department of Natural Resources  
1804 West Street, Suite 300  
Annapolis, Maryland 21401  
410-260-3220  
Toll Free: 877-620-8367  
Website: <http://www.dnr.maryland.gov/>

## **Regulation of the State’s Critical Areas**

The Chesapeake Bay and the Atlantic coastal bays are vital natural resources for Maryland. Recognizing that the deterioration of these resources relates in great measure to impacts from shoreline development, the General Assembly established the Critical Area Commission in 1984 through the Chesapeake Bay Critical Area Protection Act. In 2002, the law was extended to the Atlantic coastal bays in Worcester County and Ocean City. The Critical Area Commission operates as an administrative unit within the department. The commission has 29 members including a full-time chair, local elected and appointed officials, citizen members, and representatives of seven State agencies. All members are appointed by the Governor with the advice and consent of the Senate.

The law creates a partnership between the State and local governments. Sixty-four Maryland jurisdictions, including 16 counties, Baltimore City, and 47 municipalities, have lands that border a portion of the Chesapeake or Atlantic coastal bays, their tidal tributaries, or tidal wetlands. The purpose of this partnership is to address development in a comprehensive fashion in order to improve water quality, conserve wildlife habitats, and manage land uses in a 1,000-foot wide zone, known as the “Critical Area,” adjacent to these tidal shorelines. The 680,000 acres in the Critical Area comprise approximately 11% of the State’s land area.

Each jurisdiction is responsible for managing land use development in the Critical Area through a local program. The participating counties and municipalities base their programs on the requirements of the law, the commission’s original program criteria, and regulations that the legislature authorized the commission to adopt under comprehensive statutory amendments enacted in 2008. Standard provisions in each program include limits on forest clearing and the amount of certain semi-impervious surfaces that contribute to stormwater runoff. In rural parts of the Critical Area, jurisdictions apply a residential density limit of one dwelling per 20 acres. All local critical area programs, and subsequent amendments, must be approved by the commission. The commission also reviews and comments on land development projects that are subject to local approval. State agencies must obtain commission approval for development projects in the Critical Area.

For further information contact:

Critical Area Commission for the Chesapeake and Atlantic Coastal Bays  
1804 West Street, Suite 100  
Annapolis, Maryland 21401  
410-260-3460  
Toll Free: 877-620-8367  
Website: <http://www.dnr.maryland.gov/criticalarea/>

## **Enforcement of Natural Resources Management**

The Maryland Natural Resources Police is responsible for enforcing laws governing commercial fishing, aquaculture, wildlife, and boating. The Natural Resources Police administer a Boating Safety Education Program to provide boaters with the necessary information to operate a vessel safely on Maryland waterways. The Natural Resources Police also administer hunter education programs with the purpose of reducing hunting accidents and violations, and to promote safe, responsible, and knowledgeable hunting activities.

In addition, regular patrols and inspections by Natural Resources Police officers, who are assigned to the different activities in different areas of the State, provide for the enforcement of, and compliance with, the State's laws and regulations governing natural resources management.

For further information contact:

Maryland Natural Resources Police  
580 Taylor Avenue, E-3  
Tawes State Office Building  
Annapolis, Maryland 21401  
410-260-8880  
Toll Free: 877-620-8367  
Website: <http://www.dnr.maryland.gov/>

## **Chapter 7. Financial Services Industry**

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The financial services industry in Maryland is regulated by the Office of the Commissioner of Financial Regulation within the Department of Labor, Licensing, and Regulation and the Securities Division of the Office of the Attorney General. The Office of the Commissioner of Financial Regulation regulates financial institutions in the State, licenses financial industry professionals, and enforces State lending laws. The Securities Division regulates investment firms and related industries and enforces State securities laws. This chapter describes the role of these State agencies in regulating the financial services industry.

### **Administration of State Lending Laws**

Under the direction and authority of the Commissioner of Financial Regulation, the Office of Financial Regulation regulates State-chartered and State-licensed financial institutions operating in Maryland. These include Maryland-chartered banks, credit unions and trust companies, as well as money transmitters and similar businesses, consumer lenders, sales finance companies, installment lenders, collection agencies, debt management services providers, debt settlement services providers, check cashers, mortgage lenders and mortgage loan originators, and consumer reporting agencies and credit services businesses. The activities of the commissioner are prescribed by Titles 1 through 7, 11, and 12 of the Financial Institutions Article of the Annotated Code of Maryland. In addition, the commissioner has the authority to supervise certain activities found in Title 12 and Title 14 of the Commercial Law Article and Title 7 of the Business Regulation Article.

The office may undertake investigatory examinations to determine whether any person has violated any law, regulation, rule, or order over which the office has jurisdiction. The office has authority to enforce the laws and regulations against individuals and entities that are licensed by the office, as well as those that engage in unlicensed activity and those that engage in activity that are in contravention of certain laws under the jurisdiction of the office. The office may suspend or revoke a license, issue a cease and desist order, and impose a fine. In fiscal 2013, the office assisted in resolving over 2,400 complaints, resulting in recovery of approximately \$5.3 million for consumers. In addition, over \$1.8 million in fines and penalties were collected from violators of State consumer lending laws. The State's share of the National Mortgage Settlement was over \$56 million, of which \$1 million was included in fines transferred to the general fund.

The office only has direct regulatory authority over those banks and credit unions that have a State charter. Unlike State-chartered institutions, most banks and credit unions and all savings and loan associations currently in the State operate under federal charters, and thus are regulated by federal agencies, not the office.

The office is divided into seven units administered by assistant commissioners, and an internal policy unit. The administrative units are:

- The Administration and Credit Unions Unit supervises and examines all Maryland-chartered credit unions to assure their safety and soundness. Further, the unit handles most agency-wide services, including procurement, budgeting, and human resources.
- The Depository Supervision Unit supervises and examines all Maryland-chartered banks and trust companies to assure their safety and soundness.
- The Depository Corporate Activities Unit is responsible for the review and processing of all applications filed by Maryland-chartered banks, credit unions, and trust companies relating to proposed organizational changes.
- The Consumer Services Unit Nondepository Licensing licenses, registers, and regulates consumer lenders, sales finance companies, installment lenders, collection agencies (through the State Collection Agency Licensing Board), debt management services providers, debt settlement services providers, check cashers, mortgage lenders, mortgage servicers, mortgage loan originators, and consumer reporting agencies and credit services businesses. The unit also licenses and regulates money transmitters and similar businesses that provide bill paying services and accelerated mortgage payment services.
- The Consumer Services Unit handles complaints and responds to questions from the general public concerning charge accounts, credit cards, installment sales contracts, automobile repossessions, foreclosures, credit reports, credit services, discrimination in granting credit, as well as any other conduct under the jurisdiction of the office.
- The Nondepository Compliance Unit examines all nondepository financial institutions licensed in the State but places emphasis on the mortgage, money transmission, debt management, and check cashing industries for on-site examinations.

The Enforcement Unit conducts investigatory examinations focused on fraudulent and deceptive activity in any of the industries or any conduct under the jurisdiction of the office.

For further information contact:

Office of the Commissioner of Financial Regulation  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Room 402  
Baltimore, Maryland 21202  
410-230-6100  
Email: [finreg@dllr.state.md.us](mailto:finreg@dllr.state.md.us)  
Website: <http://www.dllr.maryland.gov/finance/>

## **Banks and Holding Companies**

Three types of State banking charters are supervised by the Commissioner of Financial Regulation: commercial banks, savings banks, and trust companies. Commercial banks offer a full range of banking services and are organized as stock corporations with certain minimum capital requirements. Savings banks, originally chartered as mutual associations to encourage thrift among individuals and provide residential mortgages, are mutually owned by their depositors. Full-service trust companies offer a full range of banking and trust services while nondepository trust companies offer only trust services. There are no State-chartered savings and loan associations.

In fiscal 2013, there were 45 State-chartered banks and 5 State-chartered trust companies. To charter a new bank or trust, minimum capital of at least \$15 million is required. Banking institutions that accept deposits or retain funds in deposit accounts are subject to a graduated annual assessment of \$8,000 plus \$.12 for each \$1,000 of the assets of the institution over \$50 million but up to \$250 million; \$.10 for each \$1,000 of assets over \$250 million but up to \$500 million; \$.09 for each \$1,000 of assets over \$500 million but up to \$1 billion; \$.08 for each \$1,000 of assets over \$1 billion but up to \$10 billion; and \$.07 for each \$1,000 of assets over \$10 billion.

National banks, federal savings banks, and federal thrifts are now all chartered by the federal Office of the Comptroller of the Currency, the counterpart of the State regulator.

A federally chartered financial institution may convert its charter status to a State charter, merge with a State-chartered financial institution, or be acquired by a State-chartered institution by following the application process specified in State law.

For further information about federally chartered financial institutions contact:

Office of the Comptroller of the Currency  
U.S. Department of the Treasury  
Washington, DC 20219  
800-613-6743  
Website: <http://www.occ.treas.gov/>

### **Examination and Insurance**

State-chartered banks and trust companies are examined by the office at least once every 18 months. Further, a bank may be examined by the Federal Deposit Insurance Corporation or the Federal Reserve Bank of Richmond. Both federal entities accept State examinations in lieu of conducting their own. State-chartered nondepository trust companies are examined solely by the office.

Membership in both the Federal Deposit Insurance Corporation and the Federal Reserve System is mandatory for national banks. Federal savings banks are insured by the Savings Association Insurance Fund, a subsidiary of the Federal Deposit Insurance Corporation.

The Federal Deposit Insurance Corporation insures funds deposited in insured banks up to \$250,000 per depositor per insured bank for each account ownership category. Nondeposit investment products, such as mutual funds, stocks, and bonds, are not covered by Federal Deposit Insurance Corporation insurance.

For further information contact:

Federal Deposit Insurance Corporation  
Washington, DC 20429  
877-275-3342  
Website: <http://www.fdic.gov/>

Federal Reserve Bank of Richmond  
701 East Byrd Street  
Richmond, Virginia 23219  
804-697-8000  
Website: <http://www.richmondfed.org/>

Baltimore Office:  
502 S. Sharp Street  
Baltimore, Maryland 21201  
410-576-3300

### **Interstate Banking and Branching**

Under federal law, any entity that owns or controls 5% or more of the stock of a commercial bank must register with the Federal Reserve Board as a bank holding company. The Federal Reserve Board reviews applications for acquisitions by bank holding companies and subsidiaries of bank holding companies whose activities are deemed incidental to or closely related to banking. Almost all laws and regulations relating to bank holding companies operating in Maryland are enforced by the Federal Reserve Board.

Maryland law requires bank holding companies that want to acquire a Maryland bank or Maryland bank holding companies to obtain prior approval from the office. In approving the acquisition, the office must consider whether the acquisition would be detrimental to the safety and soundness of the Maryland bank or Maryland bank holding company or would result in an undue concentration of resources or a reduction of competition in the State.

Also under federal law, bank holding companies may engage in interstate banking and branching subject to some limited State regulation. Enacted in 1995, one of the primary purposes of the federal law is to create a seamless, nationwide banking system that allows customers to bank more easily across state lines.

Maryland law allows banks chartered by other states to establish branches in Maryland, upon approval by their home state regulator. Another state bank branch operating in Maryland is regulated by the banking department in the home state in which the bank is chartered. National banks may establish branches in Maryland upon approval by the federal Office of the Comptroller of Currency.

Maryland law also allows a Maryland bank to establish branches within or outside of Maryland, upon approval from the office. A Maryland bank may establish a branch in another state by any means allowed by the laws of that state or by federal law. A Maryland

bank that establishes a branch in another state may exercise at that branch all powers and rights granted to banks in that state unless the office determines that the exercise of a power or right would threaten the safety and soundness of the bank.

In response to concerns about maintaining the distinction between banking and commerce, in 2006, Maryland enacted a law that prohibits a bank branch from being established on the site of a commercial entity that owns the bank or that the bank owns.

In 2009, Maryland enacted reciprocity provisions to equalize the requirements for Maryland banks seeking to open branches in other states. An out-of-state bank may establish *de novo* branches in Maryland only to the extent that the home state of the bank permits Maryland banking institutions to establish *de novo* branches in its state. This reciprocity provision does not impact out-of-state banks that already have branches in Maryland.

## **Credit Unions**

In order to make financial services available to persons not served by banks or savings and loans, State-chartered credit unions were established in Maryland in 1929. Federal law enacted in 1934 provided for the creation of similar institutions to be regulated at the federal level. Credit unions are nonprofit, financial cooperatives composed of members who share a certain field of membership or common bond. Under both federal and State law, credit unions may serve members who all share one common bond; or several groups of members in which the members in each individual group share a common bond (“multiple common bond”); or members who share a geographical “community common bond.” For the benefit of their members, credit unions offer checking and saving products and loans that are similar to banks, but at a cost that is generally lower due to their nonprofit and tax-exempt status.

The Commissioner of Financial Regulation charters, supervises, and examines all State-chartered credit unions. For a new credit union charter, a \$500 application fee is required. Credit unions with assets of \$300,000 or greater are subject to an annual assessment of \$1,000, plus \$.08 for each \$1,000 of the assets of the institution over \$1 million. In fiscal 2013, there were eight State-chartered credit unions operating in Maryland, with an asset base of approximately \$4.8 billion.

The National Credit Union Administration, an independent federal agency, charters, supervises, and examines all federally chartered credit unions.

### **Examinations and Insurance**

State-chartered credit unions are examined at least once every 18 months by the office. Credit unions may also be examined by their insurer. Credit unions have a choice as to whether to be insured by a private insurer that is licensed in Maryland or the National Credit Union Administration. The only private insurer operating in Maryland, American Share Insurance, is a member-owned share guaranty corporation established under the laws of Ohio. American Share Insurance obtained a license in 2004, when the Credit Union Insurance Corporation, a nonprofit nonstock corporation established under Maryland law, began a transition for dissolution.

A private insurer is required to provide insurance to State-chartered credit unions on the same basis and at least to the same extent and amount as its federal counterpart. In fiscal 2013, two State-chartered credit unions were insured by American Share Insurance and six by the National Credit Union Administration.

In addition to insuring those State-chartered credit unions that apply and qualify, the National Credit Union Administration insures all federally chartered credit unions. The administration conducts annual examinations of all federally chartered credit unions. The administration administers the National Credit Union Share Insurance Fund which protects credit union members' deposits up to \$250,000 per depositor per credit union. As with banks, deposits in self-directed retirement accounts are also insured up to \$250,000. Each insured credit union is required to keep 1% of its insured savings on deposit with the administration.

For further information contact:

American Share Insurance  
5656 Frantz Road  
Dublin, Ohio 43017  
800-521-6342  
Website: <http://www.americanshare.com>

National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314  
703-518-6300  
Website: <http://www.ncua.gov>

## **Money Transmitters**

The Commissioner of Financial Regulation regulates and licenses sellers of money orders and travelers' checks and those who receive money for transmission to others, known as money transmitters, operating in Maryland. First enacted in Maryland in 1959, the laws regulating money transmitters were updated in 2002 to more effectively regulate the current practices of money transmitters. Under Title 12, Subtitle 4 of the Financial Institutions Article, money transmitter services include bill payer services; accelerated mortgage payment services; informal money transfer systems outside the conventional financial institutions system; and money transmissions conducted over the Internet.

To qualify for a money transmitter license, an applicant must meet specified requirements designed to protect consumers. In particular, the applicant must satisfy the office that the applicant (1) is of good moral character and has sufficient financial responsibility, business experience, and general fitness to engage in the business of money transmission; and (2) has a certain net worth. Further, an applicant must pay a \$2,000 annual licensing fee and new applicants pay a \$1,000 investigation fee and meet certain bonding requirements. Since 2012, Maryland has used the Nationwide Mortgage Licensing System and Registry for licensing and renewal of money transmitters. In fiscal 2013, 92 money transmitter licenses were issued throughout the State.

## **Consumer Credit**

The Commissioner of Financial Regulation is responsible for licensing consumer lenders, sales finance companies, installment lenders, collection agencies (through the State Collection Agency Licensing Board), debt management services providers, debt settlement services providers (registration), check cashers, mortgage lenders, and mortgage loan originators. Exhibit 7.1 shows the number of consumer credit licenses issued by the office in fiscal 2013.

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**Exhibit 7.1**  
**Consumer Credit Licenses**  
**Fiscal 2013**

Consumer Lenders	121
Sales Finance Companies	561
Installment Lenders	155
Collection Agencies	1,612
Money Transmitters	92
Debt Management Services Providers	44
Debt Settlement Services Providers	21
Check Cashers	464
Mortgage Lenders	1,907
Mortgage Loan Originators	7,068

Source: Office of Financial Regulation

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### **Consumer Lenders**

The commissioner regulates persons that make small consumer loans (under \$6,000) under Title 12, Subtitle 3 of the Commercial Law Article. These persons include individuals and any type of business entity. The maximum permissible annual interest rate for small consumer loans varies with the amount of the loan, up to 33%.

Licensure by the office under Title 11, Subtitle 2 of the Financial Institutions Article is required in order to engage in business as a consumer lender. A separate license is required for each place of business where a person makes a loan or transacts business under the Maryland Consumer Loan Law. To qualify for a consumer lender license, an applicant must meet specified requirements designed to protect consumers. In particular, the applicant must satisfy the office that (1) the applicant has at least \$20,000 in liquid assets; (2) the business will promote the convenience and advantage of the community in which the place of business will be located; and (3) the applicant has sufficient experience, character, financial responsibility, and general fitness to command the confidence of the public and to warrant the belief that the business will be operated lawfully. In addition, an applicant must pay a \$1,700 biennial licensing fee and a \$100 investigation fee and meet certain bonding requirements.

### **Sales Finance Companies**

A sales finance company is a person that engages in the business of acquiring, investing in, or lending money or extending credit on the security of any interest in an installment sales agreement, a retail credit account transaction, or a home improvement transaction.

Under Title 11, Subtitle 4 of the Financial Institutions Article and Title 12, Subtitle 6 of the Commercial Law Article, an installment sales agreement is a contract for the retail sale of goods under which part of the price is payable in one or more payments and the seller takes collateral security or keeps a security interest. A retail credit account transaction is an agreement for the retail sale of goods or services that is negotiated at the time a sales price is established. A home improvement transaction is an agreement between parties for the repair, replacement, renovation, alteration, conversion, modernization improvement, or addition to any land or building designed to be used as a residence for one, two, or three single-family units, if collateral security is required by and given to the contractor as a condition of the transaction.

Licensure by the commissioner is required in order to engage in the business as a sales finance company. To apply, an applicant must pay a \$250 biennial license fee and a \$100 investigation fee. A separate license is required for each place of business. State and national banking institutions are exempt from licensure.

### **Installment Lenders**

Installment loans and extensions of credit made to individuals are regulated under the following provisions of the Commercial Law Article:

- Section 12-103(a)(3) and (c): for unsecured and certain secured loans;
- Title 12, Subtitle 9: for loans that are revolving credit plans; and
- Title 12, Subtitle 10: for loans that are closed end credit plans.

Installment loans provide for a maximum annual rate of interest not in excess of 24% on the unpaid principal balance of the loan. However, the law under which the loan is made may restrict the allowable terms of repayment and security.

Licensure by the commissioner under Title 11, Subtitle 3 of the Financial Institutions Article is required to engage in the business of making installment loans. An applicant for an installment loan license must pay a \$1,700 biennial licensing fee and a \$100 investigation fee and meet certain bonding requirements. A license is not required

for a person not engaged in the business of making installment loans who makes five or fewer loans a year or if the loan is:

- between relatives;
- between an employer and employee;
- between a landlord and tenant; or
- between primary, secondary, or nonprofit degree-granting postsecondary academic educational institutions and a student, or parent or guardian of a student, for educational expenses.

Certain other financial institutions engaging in the business of making installment loans are exempt from licensing if they are otherwise qualified to do business in Maryland.

### **Collection Agencies**

A collection agency is a person that engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim for a third-party debt; or that sells systems used to collect debt. A consumer claim is defined as a claim that (1) is for money owed by a resident of the State; and (2) arises from a transaction in which the resident got credit, money, property, or services.

Under Title 7 of the Business Regulation Article, a person may not engage in the business of a collection agency in this State without first paying a \$700 biennial license fee and filing a surety bond with the State Collection Agency Licensing Board. If an applicant operates several places of business, separate applications for licenses must be made for each place of business.

The commissioner serves as the board chairperson. The board has the power to (1) issue, suspend, and revoke licenses and reprimand licensees; (2) handle complaints and conduct hearings; and (3) mediate disputes between consumers and debt collection agencies.

### **Debt Management Services Providers**

Responding to consumer complaints about debt adjustment practices, Maryland enacted the Maryland Debt Management Services Act in 2003 to regulate the industry. “Debt management services” is defined as receiving funds periodically from a consumer under an agreement for the purpose of distributing the funds among the consumer’s creditors in full or partial payment of debts. Prior to providing debt management services in the State, a person is required to obtain a license from the commissioner. Applicants must meet specified net worth requirements and post surety bonds.

The registration fee varies from \$1,000 up to \$8,000 depending on the applicant's annual gross revenue. In addition, an applicant must pay a \$1,000 investigation fee upon initial filing of an application. For each location at which the applicant provides debt management services, the fee is \$100.

Under Title 12, Subtitle 9 of the Financial Institutions Article, a licensee must execute a debt management agreement with a consumer before collecting any fees for debt management services. A licensee must also provide a consumer with a list of (1) those services that are provided free of charge to consumers with a debt management services agreement, but provided for a charge to other consumers; and (2) those other services that the licensee provides along with the relevant charges. A licensee must furnish a consumer with a written accounting of any fees.

A licensee may charge a consumer a consultation fee of up to \$50. If a licensee performs a credit report on the consumer, the cost of the report must be paid from the consultation fee. In addition, a licensee may charge a maintenance fee of up to \$8 for each creditor a consumer has listed in a debt management services agreement. However, the maintenance fee charged may not exceed \$40 per month.

### **Debt Settlement Services Providers**

Related to debt management is the practice of debt settlement. While both debt management and debt settlement involve a provider acting as an intermediary between a consumer and creditors, in debt settlement the provider offers to negotiate a reduction of debt and a repayment schedule generally without handling the consumer's funds directly. In 2011, Maryland enacted the Maryland Debt Settlement Services Act to regulate that industry. Prior to providing debt settlement services in the State, a person must register with the commissioner. Applicants must post surety bonds. The registration fee is \$1,000 every two years.

Under Title 12, Subtitle 10 of the Financial Institutions Article, a registrant must execute a debt management agreement with a consumer before collecting any fees for debt settlement services. A registrant may not collect any fee until the registrant has renegotiated, settled, reduced, or otherwise altered at least one debt of the consumer, and the consumer has made at least one payment under the agreement. A consumer may withdraw from an agreement at any time, but is liable for fees the registrant earned to date under the agreement.

On June 30, 2016, the Act will terminate and debt settlement services will no longer have to register with, or be regulated by, the commissioner. Further legislative action may depend on the study of persons providing debt settlement services due at the end of

calendar 2015 by the commissioner, in consultation with the Consumer Protection Division of the Office of the Attorney General.

### **Check Cashers**

Check cashing services means the acceptance or cashing, for compensation, of a payment instrument, regardless of the date of the payment instrument. A payment instrument is a check or a draft ordering an individual or entity to pay money. A person may not engage in the business of providing check cashing services in this State without first paying a \$1,000 biennial license fee and a \$100 investigation fee with the commissioner. An applicant is also subject to a criminal history background check. A separate license is required for each place of business.

To qualify for a check casher's license, an applicant must meet certain requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner that (1) the business will promote the convenience and advantage of the community in which the place of business will be located; and (2) the applicant has sufficient experience, character, financial responsibility, and general fitness to command the confidence of the public and to warrant the belief that the business will be operated lawfully, honestly, fairly, and efficiently.

Under Title 12, Subtitle 1 of the Financial Institutions Article, the licensing scheme limits the fee that a check cashing services outlet may charge to a percentage of the check being cashed, ranging from 2% to 10%, depending on the type of check. Except for a one-time membership fee not to exceed \$5, a licensee may not charge any other fee, including late fees or other service fees, for accepting or cashing a payment instrument in excess of the greater of:

- 2% of the face amount of the payment instrument or \$3, if the payment instrument is issued by a governmental entity;
- 10% of the face amount of a payment instrument or \$5, if the payment instrument is a personal check; or
- 4% of the face amount of the instrument or \$5, for any other payment instrument.

Check cashing services that are exempt from regulation under Title 12, Subtitle 1 of the Financial Institutions Article include (1) services for which a fee of up to 1.5% of the payment amount is charged and that are incidental to the retail sales of the goods and services; and (2) transactions that are subject to the Maryland Consumer Loan Law, which provides a maximum 33% annual interest rate. Certain other financial institutions are exempt from licensing if they are otherwise qualified to do business in Maryland.

Maryland law prohibits certain deferred presentment transactions, also known as deferred deposit services, cash advances, or payday loans. In a typical transaction, a consumer writes a post-dated check for a certain amount, and the lender gives the consumer the cash amount less the lender's fee. The lender agrees to hold the check until the check's date or until the customer settles the account. The fee for this service ranges from \$15 to \$30 per \$100 check. In Maryland, these transactions are subject to Maryland's usury and consumer loan laws; therefore, a fee for a deferred deposit service or a payday loan that equates to an annual interest rate exceeding the 33% annual interest cap is unlawful.

### **Mortgage Lenders**

A mortgage lender is a person that brokers, makes, or services a loan or other extension of credit secured by a lien on residential real property. The mortgage may be categorized as a first or second mortgage loan, a secured open-end line of credit, or a closed-end mortgage. As of June 2014, the commissioner licensed approximately 1,965 mortgage lenders.

Under Maryland's Mortgage Lender Law (Title 11, Subtitle 5 of the Financial Institutions Article), a mortgage loan is any loan or other extension of credit secured in whole or in part by an interest in residential real property in Maryland if made for (1) personal, household, or family purposes in any amount; or (2) commercial purposes up to \$75,000.

A person may not engage in the business of a mortgage lender in this State without first obtaining a license from the office. An applicant for a mortgage lender's license must pay a \$1,000 annual license fee and a \$100 investigation fee, and is required to meet certain bond requirements which depend upon the applicant's aggregate lending activity. Applications are processed through the Nationwide Mortgage Licensing System and Registry. Criminal history background checks are performed on all applicants. The office examines new mortgage lenders within 18 months after licensure and examines all mortgage lenders at least once within every three-year period. The licensing provisions do not apply to certain financial institutions that take deposits, insurance companies, or certain federal corporations. Individuals or entities that make three or fewer mortgage loans per calendar year and broker no more than one mortgage loan per year are exempt from licensure.

There is no maximum rate of interest for first mortgages made in compliance with Section 12-103(b) of the Commercial Law Article. All other loans secured by an interest in residential real property are subject to a maximum rate of 24% simple interest per annum computed on the unpaid principal balance outstanding. The law under which a loan was

made (Title 12, Subtitles 1, 9, or 10 of the Commercial Law Article) may restrict the allowable terms of repayment and security.

Since 2007, changes in the real estate market and the economy in general have had a number of negative effects on lenders and borrowers, both nationwide and in Maryland. One of the most significant of these effects has been a marked increase in the number of foreclosures affecting homeowners and their mortgage lenders. Many such foreclosures have involved residential properties that were financed through sub-prime loans and nonbank loan originators, leading to increased concerns regarding the lending practices that surround these nontraditional financing methods.

To address these and other issues relating to the mortgage foreclosure crisis, legislation passed during the 2008, 2009, and 2010 sessions (1) created the Mortgage Fraud Protection Act, Maryland's first comprehensive mortgage fraud statute; (2) prohibited foreclosure consultants from participating in foreclosure rescue transactions; (3) reformed the foreclosure process to provide homeowners with more time and additional notices before their properties are sold; (4) required additional notices to be given to residential tenants renting properties in foreclosure; and (5) allowed an owner-occupier of residential property to request a foreclosure mediation session prior to the scheduling of a foreclosure sale.

Further, Chapters 7 and 8 of 2008 made a number of substantive changes to the laws relating to mortgage lending and the regulation of mortgage lenders. Lenders are prohibited from imposing penalties, fees, premiums, or other charges for a mortgage loan in the event the loan is prepaid in whole or in part, except for reverse mortgage loans. For various types of mortgage loans, including both primary and secondary mortgage loans, the laws modify the factors that a lender or credit grantor must consider when making the loans. Due regard must be given to the borrower's ability to repay a loan in accordance with its terms, including the fully indexed rate of the loan, if applicable, as well as property taxes and homeowner's insurance, regardless of whether an escrow account is established. Due regard is required to include (1) consideration of the borrower's debt to income ratio; and (2) verification of the borrower's gross monthly income and assets by review of specified third-party documentation.

### **Mortgage Loan Originators**

Legislation enacted in 2005 established licensing requirements for mortgage loan originators. Before acting as a mortgage loan originator, an individual must obtain a license from the commissioner. A mortgage originator is an employee of a mortgage lender who (1) is a mortgage broker or has or will have a net branch office at or out of which the employee works; (2) directly contacts prospective borrowers for the purpose of negotiating

with or advising them about mortgage loan terms and availability; (3) works on a percentage basis; and (4) is authorized to accept a loan application on the mortgage lender's behalf.

Chapter 4 of 2009 revised the State's mortgage lender and mortgage loan originator laws under Title 11, Subtitle 5 of the Financial Institutions Article to conform to the requirements of the federal Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act) and altered the licensing requirements, initial license terms, and renewal license terms for mortgage lenders and mortgage loan originators. The Act requires licensees to submit certain information to the Nationwide Multistate Licensing System and Registry, increases civil penalties, and permits the office to issue interim mortgage loan originator licenses.

An applicant for a license must pay a \$100 nonrefundable investigation fee and a \$225 annual license fee. An applicant must also meet certain character and fitness, education, and experience qualifications. As of June 2014, the office licensed approximately 8,500 mortgage loan originators.

If a complaint is filed with the office regarding an action of a licensee in connection with a mortgage loan, the office must investigate the complaint. A willful violation of the laws regarding mortgage lending or mortgage origination is a felony, and on conviction, a violator is subject to a fine not exceeding \$50,000 or imprisonment not exceeding 10 years or both.

### **Consumer Reporting Agencies and Credit Services Businesses**

A consumer reporting agency, commonly referred to as a credit reporting agency, is a person that engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information for the purpose of furnishing consumer reports to third parties, and that uses any means or facility of commerce for the purpose of preparing or furnishing consumer reports. The three consumer reporting agencies are Experian, Equifax Information Services, and TransUnion Corporation.

Consumer reporting agencies are not required to be licensed in Maryland. However, under Title 14, Subtitle 12 of the Commercial Law Article, the office handles complaints alleging violations of the Consumer Credit Reporting Agency Law. The office may hold hearings, issue orders for compliance with the law, and issue cease and desist orders if a pattern and practice of violations is found. Maryland residents are entitled to free copies of their credit reports once every 12 months under State law, on request and with proper identification. A second or subsequent report made during a 12-month period for a consumer may not exceed \$5. Residents are also entitled to free copies of their credit

reports once every 12 months under the federal Fair and Accurate Credit Transactions Act of 2003.

A credit services business is a person that, with respect to the extension of credit by others, sells, provides, or performs, or represents that the person can or will sell, provide, or perform any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; or (2) obtaining an extension of credit for a consumer.

Under Title 14, Subtitle 19 of the Commercial Law Article, a credit services business may not sell its services without being licensed. An applicant for a license must pay a \$100 nonrefundable investigation fee and a \$1,700 biennial license fee and meet certain bond requirements. The office handles complaints alleging violations of the Maryland Credit Services Businesses Act. The office may hold hearings, issue orders for compliance with the law, issue cease and desist orders if a pattern and practice of violations of the law is found, and impose fines.

## **Administration of State Securities Laws**

Under the discretion and authority of the Securities Commissioner, the Securities Division of the Office of the Attorney General administers a system of licensing and registration and takes enforcement action against violators of Maryland's investment-related laws. Regulation of the securities market seeks to protect Maryland investors from fraud and misrepresentation.

The activities of the commissioner are prescribed by Title 11 of the Corporations and Associations Article and Title 14, Subtitles 1 and 2 of the Business Regulation Article. The division administers and enforces the Maryland Securities Act, the Maryland Franchise Registration and Disclosure Law, and the Maryland Business Opportunity Sales Act. Violators of these laws are subject to administrative sanctions and civil and criminal penalties.

The responsibilities of the division include:

- reviewing and registering offerings of nonexempt securities;
- registering and disciplining broker-dealers and agents (brokerage firms and their employee stockbrokers) that do business in the State, regardless of home base or location;
- registering State investment advisers and investment adviser representatives (firms and individuals) that do business in the State and overseeing their conduct and standards of practice;

- processing notice filings of federal investment advisers that do business in the State but who are registered by the U.S. Securities and Exchange Commission;
- reviewing and registering franchise offerings made in the State;
- registering business opportunity sales;
- initiating investigations, administrative actions, civil enforcement actions, and referrals for criminal prosecution; and
- issuing interpretive opinions and “no-action” letters in response to inquiries concerning the division’s interpretations of Maryland law.

The National Securities Markets Improvement Act of 1996 reallocated the regulatory authority of the federal Securities and Exchange Commission and the states. Since the federal Act preempts certain Maryland registration laws including fee provisions and reporting, recordkeeping, and bonding requirements, the Maryland Securities Act was amended to conform to the federal Act.

The federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 further reallocated the regulatory authority of the federal Securities and Exchange Commission and the states by increasing the authority of the states to regulate investment advisers.

The work of the division in fiscal 2013 is reflected in the statistics provided in Exhibit 7.2.

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**Exhibit 7.2**  
**Securities Division Statistics**  
**Fiscal 2013**

Broker/Dealer (firm) Registrations and Renewals	2,065
Registered Agents (stockbrokers)	179,254
Investment Adviser/Financial Planner (firm) Registrations and Renewals	633
Investment Adviser/Financial Planner Representative (individual)	
Registrations, Renewals, and Notice Filings	10,759
Securities Registrations, Renewals, and Exemption and Notice Filings	27,303
Franchise Registrations and Renewals	1,489
Business Opportunity Filings	7
Active Cases, Investigations, and Inquiries	1,047
Registration Fees	\$25,107,209
Fines Imposed, Restitution, and Rescission	\$2,263,872

Source: Securities Division of the Office of the Attorney General

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## **Securities, Broker-dealers, and Agents**

The Maryland Securities Act (Title 11 of the Corporations and Associations Article), also called the “Blue Sky” Law, regulates the offer and sale of securities in the State by requiring both the registration of firms and individuals selling the securities and the registration of the securities of the issuing company. The division reviews registration filings to ensure they adequately disclose to potential purchasers the risks of the investment and other important factors relevant to a consumer’s decision to purchase.

A broker-dealer is a person, including a stockbrokerage firm, engaged in the business of effecting transactions in securities for the account of others or for his or her own account. The annual fee to register as a broker-dealer is \$250.

An agent is an individual other than a broker-dealer who represents a broker-dealer or an issuer of a security in affecting or attempting to affect the purchase or sale of securities. The annual fee to register as an agent is \$35.

The Securities Commissioner may require registered broker-dealers to have a certain minimum amount of capital, subject to the limitations of the federal Securities Exchange Act of 1934. Subject to the limitations of this federal law, the commissioner also may require registered broker-dealers, as well as agents, to satisfy certain bonding requirements. Broker-dealers are required to maintain records of transactions for the division’s inspection.

The initial or renewal fee to register a public offering is one-tenth of 1% of the aggregate offering price of the shares being offered in Maryland, with a minimum fee of \$500 and a maximum fee of \$1,500. The initial fee to notice file an offering of a mutual fund or unit investment trust is \$500. To renew a notice filing, the fee is \$500 plus a sales fee for the prior year. If the issuer provides a sales calculation, the sales fee is one-tenth of 1% of the aggregate offering price of the shares sold in Maryland up to a maximum of \$1,500, less a \$500 credit for the initial filing fee. If the issuer does not provide a sales calculation, the sales fee is \$1,800, less a \$500 credit for the initial filing fee. An issuer that terminates its notice filing instead of renewing it must pay the appropriate sales fee.

A limited number of securities transactions are exempt from registration, including (1) a small Maryland business raising less than \$150,000 from investors without hiring a broker or underwriter; (2) corporations and partnerships offering an unlimited amount of securities to a limited number of purchasers; and (3) offers and sales that satisfy certain federal filing requirements that exempt smaller transactions from registration. Certain securities also are exempt from registration, including, effective October 1, 2014, securities that are offered and sold by a Maryland entity only to residents of the State if the total

consideration paid by any purchaser of the securities does not exceed \$100, the aggregate price of the securities offered does not exceed \$100,000, and certain other conditions are met.

Federal law requires that broker-dealers operating in interstate commerce belong to the Financial Industry Regulatory Authority. The authority sponsors an arbitration forum for the resolution of disputes that involve public customers, broker-dealers, or persons associated with broker-dealers.

### **Investment Advisers**

Subject to the requirements of the National Securities Markets Improvement Act of 1996, investment advisers also must register with the division under the Maryland Securities Act. Maryland law also requires registration of employees of an investment adviser (called “investment adviser representatives”) who have contact with clients concerning investment advice.

An investment adviser is a person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. An investment adviser also includes a person who, for compensation (1) provides or offers to provide, directly or indirectly, financial and investment counseling or advice, on a group or individual basis; or (2) gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan.

Investment advisers are required to make disclosures to their clients concerning their background and experience, fees, and potential or actual conflicts of interests that may arise in the course of advising or undertaking transactions for clients. The Securities Commissioner may require that certain capital conditions be satisfied before registering an investment adviser. The annual fee to register as an investment adviser is \$300, and the annual fee to register as an investment adviser representative is \$50.

### **Franchises**

Under the Maryland Franchise Registration and Disclosure Law (Title 14, Subtitle 2 of the Business Regulation Article), a person that intends to sell franchises within Maryland or to Maryland residents must register its franchise offering with the division. A franchise is an agreement in which a purchaser, on payment of a fee, is granted the right to engage

in the business of offering, selling, or distributing goods or services under a marketing plan or system provided by the franchisor.

As part of the registration process, a franchisor must file with the division a disclosure document that discusses all material information necessary for a potential franchisee to make an informed investment decision. A prospective franchisee must receive a copy of the disclosure document at least 10 business days prior to the execution of a franchise agreement.

The fee for an initial registration is \$500, which must be renewed annually for a \$250 fee. The fee to amend a registration statement is \$100, and the fee to apply for an exemption from registration is \$250.

### **Business Opportunities**

The Maryland Business Opportunity Sales Act (Title 14, Subtitle 1 of the Business Regulation Article) regulates the sale of “business opportunities” by requiring the sellers of such arrangements to make certain filings prior to advertising or making representations to prospective purchasers. Business opportunities are prepackaged small business deals usually offered to novice entrepreneurs through classified advertisements, home seminars, and business opportunity expositions. Typical business opportunity deals involve the sale of vending machines, pay telephones, amusement devices, greeting card display racks, and 900 telephone numbers.

Sellers are required to file a disclosure statement and may be required to post a \$50,000 bond. The disclosure must include the seller’s experience, a description of the actual services that the business opportunity seller will perform for the purchaser, and financing arrangements. The seller must provide the prospective purchaser with a copy of the disclosure at least 10 business days before a purchaser enters into an agreement.

The fee for a business opportunity filing is \$250, which must be renewed annually for a \$100 fee. Amendments to a filing require a \$50 fee.

### **Interpretive Opinions and “No-action” Letters**

Interpretive opinions and “no-action” letters are generated by the division in response to specific inquiries from issuers, broker-dealers, and other firms or individuals about the division’s interpretation of Maryland law. The Securities and Exchange Commission performs this function at the federal level. The fee for an interpretive opinion issued by the division is \$100.

For further information about regulation of the securities industry, contact:

Maryland Division of Securities  
Office of the Attorney General  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
410-576-6360  
Website: <http://www.oag.state.md.us/securities>

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0213  
1-800-732-0330  
Website: <http://www.sec.gov>

Financial Industry Regulatory Authority (FINRA)  
1735 K Street, NW  
Washington, DC 20006-1506  
301-590-6500  
Website: <http://www.finra.org/index.htm>

## Chapter 8. Insurance

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The insurance industry offers protection against the damaging consequences of an unexpected loss by distributing the risk of that loss among consumers. Nationwide, the business of insurance is regulated at the state level. The Maryland Insurance Administration is the agency responsible for oversight and regulation of the industry in Maryland.

This chapter describes the responsibilities of the administration and the regulatory structure of the insurance industry, including the licensing requirements for insurance companies and producers and the process for filing consumer complaints. Further, the chapter mentions the People's Insurance Counsel Division in the Office of the Attorney General, which represents consumer interests relative to homeowners insurance and medical professional liability insurance.

### **Maryland Insurance Administration**

The Maryland Insurance Administration became an independent unit of State government as a result of legislation enacted in 1993. The Insurance Commissioner directs the administration and ensures compliance with all State laws governing insurance companies or relating to the business of insurance. The administration is accredited by the National Association of Insurance Commissioners.

The administration's organization includes the following functional sections:

- examination and auditing;
- life insurance and health insurance;
- property and casualty insurance;
- licensing;
- compliance and enforcement;
- insurance fraud; and
- consumer education and advocacy.

The administration's specific regulatory functions include:

- authorizing and licensing insurance companies, insurance producers, adjusters and advisers, motor clubs, and premium finance companies;
- assuring adequate insurance protection at reasonable costs;
- assessing, levying, and collecting taxes on insurance premiums and other fees;
- investigating and resolving complaints and answering questions of policyholders;
- reviewing and approving insurance rates, policies, and forms;
- educating the public about insurance;
- periodically examining insurance companies for financial solvency, statutory compliance, and unfair business practices; and
- scrutinizing nonresident companies doing business in the State.

The insurance industry falls broadly into two major categories:

- property and casualty insurance, including motor vehicle, homeowners, workers' compensation, fire, burglary, property, casualty, general liability, professional liability, inland marine, commercial multi-peril, fidelity-surety, mortgage guaranty, and title; and
- life and health insurance, including life, annuities, health benefit plans, Medicare supplement insurance, dental plans, health maintenance organization coverage, credit life and health, accidental death, long-term care, and other supplemental health products.

## **Regulatory Structure**

Maryland insurance laws require insurance companies (also known as "insurers") to have certificates of authority issued by the commissioner and comply with formation and financial standards in order to engage in the insurance business in the State. Insurers must maintain an adequate level of assets, capital, surplus, and reserves. Insurers are also prohibited from engaging in unfair or deceptive methods of pricing or marketing insurance policies and must provide notices with specified information to current and prospective policyholders under certain circumstances.

Insurance may be provided by insurers formed under the laws of Maryland, another state, or another country. Only an estimated 7% of the insurers operating in Maryland are domestic companies; the rest are companies formed under the laws of another state or nation.

Insurers are authorized by the administration to write policies in the State. Surplus lines carriers, which are not as closely regulated as authorized insurers, are approved to provide insurance in the State only if the insurance they provide is not available from an authorized insurer. In addition, Maryland allows for the operation of nonprofit health service plans (*e.g.*, CareFirst BlueCross BlueShield), health maintenance organizations, managed care organizations, dental plans, and fraternal benefit societies. Unauthorized insurers are generally prohibited from operating in the State. However, exceptions are made for a variety of activities including nondomestic reinsurance, the fulfillment of obligations made as an authorized insurer, and the services of an adjuster with respect to a claim under a policy lawfully solicited, issued, and delivered outside of Maryland.

The Property and Casualty Insurance Guaranty Corporation, a private, nonprofit corporation created by statute under Title 9, Subtitle 3 of the Insurance Article, provides a mechanism for the payment of unpaid property and casualty claims to residents of Maryland who are policyholders of insolvent insurers. The corporation does not pay claims on insurance written on a surplus lines basis or by a risk retention group or unauthorized insurer. The Life and Health Insurance Guaranty Corporation, created by statute under Title 9, Subtitle 4 of the Insurance Article, provides similar protection to unpaid health, life, and annuity claims made to insolvent insurers. As a condition of authority to transact business in the State, all insurers that write the type of insurance which pays claims are required to be members of the appropriate corporation.

### **Assessment of Taxes and Fees**

All insurers are assessed taxes and fees collected by the administration. A 2% premium tax is imposed on nearly all policy premiums written by authorized insurers. A 3% tax is imposed on all premiums placed by licensed surplus lines brokers and unauthorized insurers. A retaliatory tax is imposed on foreign insurers whose home state or charter requires the payment of a higher rate than that levied by Maryland. Revenues from these taxes are deposited in the State's general fund. The administration may retain its costs to assess and collect the premium tax in an administrative account.

In addition to the taxes imposed on insurers, the administration collects fees for producer filings and licensing, rate and form filings, certificates of authority, financial and market conduct examinations, and fraud prevention. Revenues from filing, licensing, examination, and fraud prevention fees are deposited into the Insurance Regulation Fund, a special fund established by legislation in 1998 to pay for the operations of the administration. The administration also collects fines and penalties, revenues from which are deposited into the general fund.

The fund also consists of an assessment levied on insurers. The assessment is required by law to equal 60% of the administration's approved annual budget appropriation. Health insurers pay 40% of the assessment, life insurers pay 26%, and property and casualty insurers pay 34%.

The taxes and fees collected by the administration in fiscal 2013 are summarized in Exhibit 8.1 below.

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**Exhibit 8.1**  
**Maryland Insurance Administration**  
**General and Special Fund Revenues**  
**Fiscal 2013**  
**(\$ in Thousands)**

General Fund Revenues:	
Premium Taxes	\$299,723
Retaliatory Taxes	3,568
Fines and Penalties	<u>5,709</u>
<b>Total</b>	<b>\$309,000</b>
Insurance Regulation Fund Revenues:	
Insurer Assessment	\$13,768
Company Insurer Licensing Fees	1,707
Agent/Broker Licensing Fees	4,532
Rates and Forms Filing Fees	3,140
Examination Fees	2,234
Fraud Prevention Fees	1,237
Miscellaneous Income	48
Beginning Cash/Carryover	4,089
Prior Year Transfer Out	<u>-460</u>
<b>Fund Total</b>	<b>\$30,296</b>

Note: Totals may not add due to rounding.

Source: Maryland Insurance Administration

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## **Licensing, Examination, and Auditing of Insurance Companies**

The Examination and Auditing Section of the administration licenses, examines, and audits insurers conducting business in Maryland. These domestic and foreign insurers include life, health, property, and casualty insurers; health maintenance organizations; managed care organizations; nonprofit health service plans; dental plan organizations; and automobile motor clubs. A comprehensive list of insurers authorized to conduct business in Maryland is maintained by the section. Each insurer's certificate of authority (authority to conduct business in the State) is renewed annually.

Insurers must be examined at least once every five years. Through financial examinations (and actuarial examinations for life insurers), the administration examines the affairs, transactions, accounts, records, and assets of each insurer applying for a certificate of authority. This includes the review of quarterly and annual statements, certified public accountant reports, and premium tax reports. Examinations and audits indicate the financial stability and solvency of insurance companies, including their outstanding reserve liability. Insurers are monitored to ensure their ability to meet obligations to policyholders and their compliance with State insurance laws and regulations and approved rates. Examiners seek to identify any company in financial trouble or engaging in activities contrary to Maryland insurance law. Examinations are performed by field examiners who conduct examinations at the home office and branch offices of the insurer. The costs of the examinations are borne by the insurers being examined.

The section also participates in the National Association of Insurance Commissioners' coordinated zone examinations of out-of-state insurers. Instead of conducting an examination of these insurers, the commissioner may accept a full report, certified by the insurance supervisory official of another state, of the most recent examination of a foreign insurer or alien insurer.

The activities of the Examination and Auditing Section in fiscal 2013 are summarized in Exhibit 8.2.

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**Exhibit 8.2**  
**Licensing, Examination, and Auditing of Insurers**  
**Fiscal 2013**

Licensing of Companies:	
Original Certificates Issued	22
Total Companies Licensed	1,452
Annual Statements Filed:	
Life and Health Companies	446
Property and Casualty Companies	904
Nonprofit Health Service Plans	8
Title Companies	20
Fraternal Insurance Companies	29
Health Maintenance Organizations (HMOs)	13
Managed Care Organizations	8
Provider Sponsored Organizations	1
Risk Retention Groups	96
Dental Plan Organizations (DPOs)	14
Surplus Line Carriers	135
Accepted Unauthorized Reinsurers	52
Workers' Compensation Self-insurers	6
Motor Clubs	27
Companies Examined (Completed)	18

Source: Maryland Insurance Administration

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### **Rates, Policies, and Forms Review**

Rates, policies, and forms are filed with the administration along with policy endorsements and any modifications that an insurer proposes to use. The administration regulates rates by reviewing proposed rate changes initiated by insurers; the administration does not make or initiate rate changes. For lines of insurance other than most property and casualty lines, proposed policy rates must be submitted and approved by the administration prior to their use ("prior approval" rate making). Proposed rates that are submitted 90 days prior to implementation are deemed approved if not denied within 30 working days of filing; however, this does not apply to health insurance related filings.

For property and casualty insurance (including motor vehicle, homeowners, and workers' compensation), insurers are allowed to "file and use" rates without the prior approval of the administration. The administration, however, reviews property and casualty rates to ensure they are adequate but not excessive. To dispute the proposed rates as excessive or unfairly discriminatory, the administration need not determine whether there is a reasonable degree of competition. Regulations set forth a procedure based on an expected loss ratio and percentage increase to determine whether rates are excessive and whether a hearing should be held.

Both rating systems have protections for the public by ensuring that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article.

## **Life and Health Insurance**

Life and health insurance includes life, annuities, health benefit plans, Medicare supplement insurance, dental plans, health maintenance organization coverage, credit life and health, accidental death, long-term care, and other supplemental health products.

The Life and Health Section and the Office of the Chief Actuary regulate this segment of the market. The section is comprised of the Rates and Forms Review Unit, the Medical Director/Private Review Agent Oversight Unit, the Life and Health Consumer Complaint Unit, and the Appeals and Grievance Unit.

The section attempts to ensure the financial stability and solvency of domestic life and health insurers by enforcing the provisions of all applicable insurance laws. To meet this goal, the section reviews for prior approval all contracts that insurers, health maintenance organizations, nonprofit health service plans, and dental plan organizations, want to issue or deliver in Maryland. This review process is for both domestic and nondomestic insurers. Additionally, the section reviews the premium rates for all health and credit life and credit health policies issued or delivered in Maryland.

Further, the section performs review and approval of applications for medical directors of health maintenance organizations and for private review agents. The section is also required by law to review advertising for all long-term care insurance and Medicare supplement insurance.

Initial rate filings relating to health, dental, credit life and credit health, and HMO coverage are reviewed to ensure that rates are not excessive, inadequate, or unfairly discriminatory. Under the federal Patient Protection and Affordable Care Act (ACA), changes to health benefit plan rates in the small group and individual markets are reviewed by the section before they are allowed to be used. Health insurance companies must submit consumer-oriented documents to the section about any rate changes in the small group and

individual markets so that the public can make comments on the proposed rates. When a health insurance company submits a request that is open to public comments, consumers can read the company's justification for the request and submit comments during a 30-day public review period. Rate change requests submitted to the section pertain to a base amount that a health insurance company would like to charge. These changes may not apply to a specific policy, the rates for which can be based on many other factors, including age, area, and health conditions. The federal Act requires health insurance companies to submit data on the proportion of premium revenues spent on clinical services and quality improvements, known as the medical loss ratio. A health insurance company is required to issue rebates to enrollees if the company does not meet medical loss ratio minimum standards by spending at least 80% for small group markets or 85% for large group markets of premium dollars on medical care.

Life insurance and annuity actuarial memoranda are not filed with the section prior to approval, but are reviewed to determine that nonforfeiture benefits are in compliance with the applicable regulations. Rate standards for credit life, credit health insurance, and Medicare supplement policies are reviewed for compliance, as are documents and other printed matter delivered with life insurance sales presentations.

The activities of the Life and Health Section in fiscal 2013 are summarized in Exhibit 8.3.

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**Exhibit 8.3**  
**Life and Health Insurance Regulatory Data**  
**Fiscal 2013**

Forms Received:	
Life Insurance	3,545
Health Insurance	5,994
Annuity	1,556
HMO/Nonprofit Health Service Plans/DPO	2,032
Credit	65
Rate Filings	217
Actuarial Memos Reviewed	551
Rate Deviations – Credit Insurance	44
Advertising Filings	663
Medical Director/PRA Applications	
Received	115
Applicants Certified	110

PRA: Private Review Agent  
HMO: Health Maintenance Organization  
DPO: Dental Plan Organization

Source: Maryland Insurance Administration

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## Property and Casualty Insurance

Property and casualty insurance includes motor vehicle, homeowners, workers' compensation, fire, burglary, property, casualty, general liability, professional liability, inland marine, commercial multi-peril, fidelity-surety, mortgage guaranty, and title.

The Property and Casualty Section regulates the rates charged and the forms used by insurers. The section is comprised of the Rates and Forms Review Unit and the Property and Casualty Consumer Complaint Unit.

All licensed companies are required to file policy forms, endorsements, rates, rating plans, rating rules, and amendments to any of these items with the section. This requirement ensures that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article. Under Maryland's competitive rating laws, insurers may use rates for certain lines of insurance when filed

and without prior approval of the administration. Rates subject to the competitive rating laws include those for homeowners insurance and private passenger motor vehicle insurance. However, rates for surety, title, medical malpractice, and insurance provided by the Maryland Automobile Insurance Fund remain subject to the approval process of the section prior to their use. As a customer service, the Rates and Forms Review Unit provides data for various guides for homeowners and personal automobile insurance. As required by statute, the unit also provides a rate guide for medical malpractice coverage.

The federal Risk Retention Act of 1981 was intended to promote the formation and operation of multistate group liability insurance programs. In passing the Act, Congress intended to enable businesses, nonprofit organizations, professionals, and government agencies to establish self-insurance pools in the form of risk retention groups and to purchase liability insurance on a group basis through purchasing groups. Risk purchasing groups are registered and licensed by the Rates and Forms Review Unit; however, risk retention groups are registered and licensed by the Examination and Auditing Section.

The activities of the Property and Casualty Section in fiscal 2013 are summarized in Exhibit 8.4.

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**Exhibit 8.4**  
**Property and Casualty Regulatory Data**  
**Fiscal 2013**

Form Filings	19,469
Rate Filings	2,747
Premium Finance Company Registrations	61
Motor Clubs Operating	25
Risk Purchasing Group Registrations*	500

\*There are 500 total purchasing groups; of that group, 370 groups are active.

Source: Maryland Insurance Administration

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## **Consumer Complaint Investigation**

The Consumer Complaint Unit in the Life and Health Section and the Consumer Complaint Unit in the Property and Casualty Section investigate and resolve complaints made by insurance policyholders, claimants, and beneficiaries. In addition to taking action on individual complaints, the complaint process may lead to a market conduct examination.

The Consumer Complaint Unit in the Life and Health Section investigates complaints pertaining to health insurance, health maintenance organization coverage, life insurance, annuities, and credit insurance. Also under this section, the Appeals and Grievance Unit investigates whether a particular health care service is medically necessary. In 1998, Maryland became one of the first states in the country to statutorily mandate due process rights for individuals who wish to dispute a medical necessity determination made by an insurer, health maintenance organization, nonprofit health service plan, or dental plan organization. The legislation requires health carriers to maintain an internal complaint process for enrollees who wish to appeal a denial of services based on medical necessity. In addition, the legislation established an external appeals process that can be accessed by an individual after exhausting a carrier's internal appeals process or immediately in emergency cases. All administration costs and expenses related to the appeals and grievance process are funded through an assessment on the entities subject to the law. Funds collected through the assessment mechanism are deposited to the Health Care Regulatory Fund. The unit resolves complaints regarding payment of claims. This unit also resolves complaints about carrier determinations regarding whether a particular service is covered under an insured's contract.

The Consumer Complaint Unit in the Property and Casualty Section investigates motor vehicle, homeowners, title, and other insurance complaints regarding property and casualty insurance policies. In recent years the number of complaints related to title insurance has increased significantly, including the failure of a producer to pay the balance of a prior mortgage, misappropriation of escrow funds, and the falsification or forgery of closing documents. Legislation introduced in 2009 addressed specific regulatory gaps by increasing bonding requirements for title insurance producers and providing that only licensed title insurance producers may exercise control over trust money.

Most complaints involve premium increases, cancellations, and nonrenewals of private passenger motor vehicle insurance policies. After these, the majority of complaints involve the denial or unsatisfactory handling of motor vehicle and homeowners insurance claims.

The combined activities of the consumer complaint units in fiscal 2013 are summarized in Exhibit 8.5.

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**Exhibit 8.5**  
**Consumer Complaint Data**  
**Fiscal 2013**

Life and Health Complaints:	
Received from Citizens, Providers, and Organizations	3,966
Money Recovered from Concluded Complaints	\$3,00,642
Property and Casualty Complaints:	
Motor Vehicle Insurance Protests Received	4,368
All Other Property and Casualty Complaints	2,515
Money Recovered from Concluded Complaints	\$4,803,316

Source: Maryland Insurance Administration

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## **Licensing of Insurance Producers, Advisers, and Others**

The federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) removed barriers among the banking, insurance, and securities industries with respect to the activities, services, and products they were not allowed to engage in or provide. As a result, states enacted and implemented laws that allow multistate reciprocity and uniformity in agent and broker licensing laws. In Maryland, provisions of the Model Producer Licensing Act developed by the National Association of Insurance Commissioners were incorporated into Maryland's agent and broker licensing provisions, as required by the federal Act.

The administration issues an insurance producer license to each person who sells, solicits, or negotiates insurance contracts. The law also provides reciprocity for nonresident insurance producers wishing to obtain a Maryland license if certain criteria are met.

The Licensing Unit issues licenses to qualified resident and nonresident producers (agents/brokers), including corporations, partnerships, and limited liability companies. In addition, licenses/registrations are issued to surplus lines producers, insurance advisers, public adjusters, motor club representatives, and third-party administrators. Within the unit, the licensing section ensures that applicants take an examination and obtain the education and training necessary to qualify for a license for the insurance products they intend to sell or negotiate. The section also issues letters of certification or clearance for Maryland resident producers applying for licenses in other states. Insurers are not required to inform the administration about producer appointments or terminations; however, they are required to keep a producer register that is open to inspection by the administration.

The activities of the Licensing Unit in fiscal 2013 are summarized in Exhibit 8.6.

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**Exhibit 8.6**  
**Producers, Advisers, and Others**  
**Licensing and Consumer Services**  
**Fiscal 2013**

New Licenses/Registrations:	
Insurance Producers*	27,994
Surplus Lines Producers	185
Insurance Advisers	25
Public Adjusters	81
Motor Club Representatives	606
Third-party Administrators	23
Renewal Licenses/Registrations:	
Insurance Producers*	31,896
Surplus Lines Producers	332
Insurance Advisers	270
Public Adjusters	416
Motor Club Representatives**	N/A
Third-party Administrators	297

\*Includes bail bondsmen and producers at motor vehicle rental companies. Producer renewals are staggered over a two-year period. Historically, nonrenewals amount to about 20%. A recent increase in new licenses may partially be due to the streamlining of licensure among states, making it easier to obtain a new license in multiple states at one time.

\*\*The Motor Club Representative “License” does not renew. The registration is perpetual and remains active as long as the Motor Club appointment remains active.

Source: Maryland Insurance Administration

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## Compliance and Enforcement

The Compliance and Enforcement Section is primarily responsible for the regulatory oversight of the insurance industry by examining company business practices and investigating insurance producer activities. With one section for both life and health insurance and property and casualty insurance, the administration has a more coordinated and consistent approach to enforcement and regulation.

Market conduct (nonfinancial activity) examinations are performed to assure that insurer trade practices comply with the requirements of Maryland insurance law. Sales, advertising, marketing, underwriting, rating practices, claims processing, and policyholder treatment are reviewed during an examination to determine their fairness and compliance with the law. The examinations are performed both on-site and at the section's offices. The section assesses insurers for the cost of conducting examinations and assesses administrative penalties when violations are found.

The activities of the Compliance and Enforcement Section in fiscal 2013 are summarized in Exhibit 8.7.

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### Exhibit 8.7 Compliance and Enforcement Fiscal 2013

Market Conduct Examinations	
Examinations Opened	19
Examinations Closed	31
Producer Enforcement Examinations:	
Investigations Opened	1,559
Investigations Closed	1,302
Revocations Orders	36
Orders Other Than Revocations	52
Total Restitution	\$5,302,898
Total Penalties	\$3,753,108
Total Per Diem Costs Billed to Insurers	\$1,208,964

Notes: Restitution and penalty totals include the combined activities of market conduct examinations, and producer enforcement examinations. Restitution totals refer to funds returned to Maryland citizens. Penalty totals refer to fines assessed on companies and are deposited in the State general fund.

Source: Maryland Insurance Administration

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## **Insurance Fraud**

Insurance fraud nationwide is estimated to cost as much as \$100 billion annually. Estimates of the number of fraudulent claims range from 5% to 25% of all claims made. The Insurance Fraud Division of the administration investigates complaints of fraudulent insurance acts and, where appropriate, initiates the prosecution of those committing such acts. The division works closely with the Department of State Police, the Workers' Compensation Commission, the Office of the Attorney General, and the Offices of the State's Attorneys in all 24 subdivisions within the State of Maryland.

The division investigates complaints from both insurers and the general public. The division is required to notify the appropriate professional licensing board or disciplinary body of evidence of insurance fraud involving professionals and gross overutilization of health care services. The division also conducts public outreach and awareness programs to inform the public of the cost of insurance fraud and encourage the reporting of fraudulent acts.

Insurers are required to have an antifraud plan filed with and approved by the division. The commissioner has the authority to issue an order imposing a financial penalty for failing to file an antifraud plan.

Through fiscal 2008, the division routinely received approximately 1,300 insurance fraud complaints per year. In fiscal 2009, complaints referred to the division by insurers, law enforcement agencies, prosecutors, other state insurance administration divisions, other State agencies, and citizens more than doubled, rising to 2,810. Since fiscal 2009, the number of complaints significantly increased to 4,638 in fiscal 2013. The number of investigations handled by the division that resulted in the conviction for insurance-related crimes decreased from 71 in fiscal 2009 to 45 in fiscal 2013.

The activities of the Insurance Fraud Division in fiscal 2013 are summarized in Exhibit 8.8.

## **Consumer Education and Advocacy Unit**

The Consumer Education and Advocacy Unit educates consumers about various insurance products and explains to consumers their rights and obligations under the terms of their insurance contracts. In fiscal 2013, the unit participated in 675 fairs, trade shows, and other events around the State where unit team members answer consumer questions about insurance issues and provide educational materials to consumers.

**Exhibit 8.8**  
**Insurance Fraud Data**  
**Fiscal 2013**

Fraud Activities	
Fraud Complaints	4,638
Total Number of Investigations Opened	113
Cases Referred to Area States Attorneys	46
Convictions	45
Cases Handled by Fraud Division Assistant Attorneys General	54
Referral Disposition	
Opened for Investigation	6
Returned for Recommended Closure	12
Under Prosecution Review	4
Investigation/Prosecution Results	
Investigations Closed by Filing Charges	1
Individuals Charged	1
Individuals Successfully Prosecuted	4
Cases Referred to Department of State Police	10
Cases Closed with Charges Filed	3
Open Investigations	4

Source: Maryland Insurance Administration

In addition to educating Maryland citizens about insurance issues, the unit developed the Rapid Response Program to help insurance consumers resolve disputes with insurers in a prompt and efficient manner. The program focuses on consumer inquiries that arise out of property and casualty claim decisions made by participating insurance companies. In fiscal 2013, the unit received 1,781 inquiries. Of the 1,781 inquiries received, 486 were referred to the Property and Casualty Customer Complaint Unit for resolution. As of July 1, 2014, more than 80 insurers participate in the Rapid Response Program. During fiscal 2013, more than \$2,285,650 has been paid to consumers.

For further information contact:

Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, Maryland 21202  
410-468-2000  
Toll Free: 800-492-6116  
Website: <http://www.mdinsurance.state.md.us/>

### **People’s Insurance Counsel**

Established by statute in 2002, the People’s Insurance Counsel Division of the Office of the Attorney General, headed by the People’s Insurance Counsel, advocates for homeowners insurance and medical professional liability insurance consumers. While not part of the Maryland Insurance Administration, the division produces materials to assist consumers in their insurance coverage decisions, assist individuals with their complaints filed with the administration, and investigate insurer practices that adversely affect insurance policyholders.

For further information contact:

People’s Insurance Counsel Division  
Attorney General of Maryland  
200 St. Paul Place  
Baltimore, Maryland 21202  
410-576-6432  
Email: [pic@aog.state.md.us](mailto:pic@aog.state.md.us)  
Website: <http://www.oag.state.md.us/>



## Chapter 9. Health

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Maryland's health care system is a highly complex one that includes more than 14,000 regulated health care facilities and community-based programs and more than 415,000 regulated health professionals. These facilities, sites, and providers are regulated in some form by the State and, in many instances, in conjunction with the federal government. The State agency primarily responsible for regulating both facilities and providers is the Department of Health and Mental Hygiene. In addition to health care facilities and providers, the department also plays a significant regulatory role in ensuring food safety in Maryland.

This chapter outlines the regulatory mission of the department; discusses the department's role in ensuring the safety of Maryland's food, milk, and dairy supply; describes the major entities under the department that regulate health care facilities and professionals; and briefly summarizes other agencies involved in the regulation of health care in Maryland, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems. For further information regarding the health services delivered by the Department of Health and Mental Hygiene and other government entities, see *Volume II – Government Services in Maryland* of the Legislative Handbook Series.

### **Department of Health and Mental Hygiene**

The mission of the Department of Health and Mental Hygiene is to protect, promote, and improve the health and well-being of all Maryland citizens in a fiscally responsible way. The department is responsible for seeing that all Marylanders can have a life free from the threat of communicable diseases, tainted foods, and dangerous products. The department seeks to improve the health of Marylanders through partnerships with local health departments, providers, community organizations, and public- and private-sector agencies. Regulatory activities include focusing on the prevention, control, monitoring, and treatment of infectious diseases; investigation of disease outbreaks; and protection from food-related and environmental health hazards.

### **Ensuring the Safety of Maryland's Food, Milk, and Dairy Supply**

The Department of Health and Mental Hygiene ensures the safety of Maryland's food, milk, and dairy supply through the Office of Food Protection and the Center for Milk Control (under the department's Prevention and Health Promotion Administration) and the work of local health departments. For additional information about the food quality

assurance role of the Maryland Department of Agriculture, see Chapter 5 of this Legislative Handbook Series.

The Office of Food Protection works with local health departments, other State agencies, and the federal government to assure the safety of the food supply and to respond to any potential or actual threats to the food supply, including:

- inspecting and enforcing food safety regulations for shellfish plants, crabmeat plants, canneries, food manufacturing plants, frozen food plants, ice manufacturing plants, confectionery plants, food warehouses, and soft drink and water bottling plants;
- inspecting and enforcing food processing plants;
- conducting plan review for all food processing plants and chain/franchise food service facilities; and
- registering out-of-state bottled water and soft drink products.

The Center for Milk Control ensures that all milk, milk products, and frozen desserts are produced, processed, and distributed in compliance with all applicable State and federal laws and regulations, including licensing and certification of dairy farm inspectors; licensing and evaluation of bulk milk hauler/samplers; licensing milk transportation companies; sampling and evaluation of test results for raw and finished dairy products; sanitation inspections of bulk milk tanks; performance of equipment, process, and facility reviews; investigation of dairy-related complaints; and issuance of export certificates of sanitation for food products manufactured in Maryland.

## **Regulation of Health Care Facilities**

In addition to preserving the safety of the food, milk, and dairy supply, the department is responsible for assuring that Marylanders have appropriate access to high-quality health care. Regulation of Maryland's health care facilities and programs is primarily handled by the Office of Health Care Quality, while additional regulation of some facilities is provided by the Health Services Cost Review Commission, the Maryland Health Care Commission, the Maryland Commission on Kidney Disease, and some of the health occupations boards.

### **Office of Health Care Quality**

The Office of Health Care Quality within the Department of Health and Mental Hygiene is the agency mandated by State and federal law to determine compliance with the quality of care and life standards for a variety of health care and community

residential services and programs. The office licenses and regulates more than 14,000 health care facilities, conducts surveys to determine compliance with State and federal regulations; and educates providers, consumers, and other stakeholders.

Through licensing, a health care facility gains the authority to operate or do business in the State; while through certification, a facility obtains the right to participate in and be reimbursed for services by the federal Medicare and the joint State and federal Medicaid programs. The office regulates health care facilities and programs through nine units:

- **Long-Term Care:** regulates nursing homes, intermediate care facilities for individuals with intellectual disabilities, and forensic residential centers;
- **Assisted Living:** regulates assisted living facilities;
- **Adult Medical Day Care:** regulates adult medical day care centers for the elderly and medically handicapped adults;
- **Developmental Disabilities:** ensures regulatory compliance with community-based providers operated for the benefit of individuals with developmental disabilities;
- **Hospitals, Health Maintenance Organizations, and Patient Safety:** oversees acute care and specialty hospitals, health maintenance organizations, and hospitals within correctional facilities;
- **Clinical Laboratory:** is responsible for all laboratories that perform tests on specimens obtained from Maryland citizens and for federal certification of all laboratories located in Maryland;
- **Forensic Laboratories:** provides oversight for the regulation of accredited and nonaccredited laboratories that perform forensic analyses;
- **Ambulatory Care:** is responsible for home health agencies, residential service agencies, hospice care providers, freestanding ambulatory care facilities (ambulatory surgery, endoscopy, kidney dialysis, birthing centers, and facilities that use major medical equipment), outpatient physical therapy providers, comprehensive outpatient rehabilitation facilities, portable X-ray providers, health care staffing agencies, and nursing referral services agencies; and
- **Behavioral Health:** which oversees all community mental health and substance use disorder programs.

Both State and federal regulations set forth minimum standards for the provision of care in health care facilities. Facilities and services are reviewed on a regular basis for compliance with the *Code of Maryland Regulations*, as well as for compliance with federal regulations in those facilities participating in Medicare and Medicaid. When deficiencies are noted, the office initiates administrative action against facilities. If a facility fails to

correct a problem, the office may impose sanctions such as fines, bans on new admissions, other restrictions on the operating license, or license revocation.

Exhibit 9.1 lists all health care facilities, providers, or programs that the office licensed and inspected in fiscal 2013. Some providers, like community mental health and developmental disabilities providers, use a single license to operate multiple sites. Thus, the number of facilities, providers, or programs listed in Exhibit 9.1 (7,224) is less than the total number of health care facilities and programs that the office regulates throughout the State (more than 14,000).

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**Exhibit 9.1**  
**Health Care Facilities, Providers, and Programs**  
**Regulated by the Office of Health Care Quality<sup>1</sup>**  
**Fiscal 2013**

	<b>Facilities, Providers, or <u>Programs</u></b>	<b>Routine <u>Inspections</u></b>	<b>Complaints and Self- reported Incidents <u>Investigated</u></b>	<b>Total <u>Inspections</u></b>
Adult Medical Day Care	114	74	5	79
Assisted Living Programs	1,406	689	737	1,426
Community Mental Health Providers	209	30	0	30
Comprehensive Outpatient Rehabilitation Facilities	1	1	1	2
Developmental Disabilities Agencies	218	52	0	52
Forensic Residential Centers	2	2	2	4
Freestanding Ambulatory Surgical Centers	325	86	12	98
Freestanding Birthing Centers	2	2	0	2
Freestanding Renal Dialysis Centers	127	49	64	113
Major Medical Equipment	250	0	1	1
Freestanding Medical Facilities	3	2	1	3
Correctional Health Care Facilities	10	0	0	0
Health Maintenance Organizations	7	3	6	9
Home Health Agencies	57	18	20	38
Hospice	27	6	19	25
Hospitals	64	24	103	127
Intermediate Care Facilities for Individuals with Intellectual Disabilities	2	6	35	41
Laboratories:	0	0	0	0

**Exhibit 9.1  
(Continued)**

	<b>Facilities, Providers, or Programs</b>	<b>Routine Inspections</b>	<b>Complaints and Self- reported Incidents Investigated</b>	<b>Total Inspections</b>
Physician Office and Point of Care	562	431	0	431
Independent Reference Laboratories	631	79	5	84
Hospital Laboratories	81	1	2	3
Cholesterol Testing Sites	14	2	0	2
Tissue Banks	268	11	0	11
Cytology Proficiency Testing	30	306	0	306
Employer Drug Testing	158	4	0	4
Public Health Testing	22	22	0	22
Forensic Laboratory Unit	40	24	0	24
Nursing Homes	233	252	2,615	2,867
Nursing Staffing Agencies <sup>2</sup>	581	287	3	290
Nurse Referral Service Agencies	131	36	2	38
Outpatient Physical Therapy	69	20	0	20
Portable X-Ray	7	1	0	1
Residential Service Agencies	1,090	123	62	185
Residential Treatment Centers	10	2	23	25
Substance Abuse Treatment Programs	455	112	12	124
Surgical Abortion Facilities	16	16	20	36
Transplant Centers	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>
<b>Total</b>	<b>7,224</b>	<b>2,773</b>	<b>3,751</b>	<b>6,524</b>

<sup>1</sup> As some providers use a single license to operate multiple sites, the number of facilities, providers, or programs listed is less than the total number of facilities and programs regulated by the Office of Health Care Quality.

<sup>2</sup> Chapter 340 of 2013 expanded the regulatory requirements applicable to nursing staff agencies to apply more broadly to any “health care staff agency” effective October 1, 2013.

Source: Office of Health Care Quality, *Fiscal Year 2013 Annual Report and Staffing Analysis*

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For further information contact:

Office of Health Care Quality  
Spring Grove Hospital Center  
Bland Bryant Building  
55 Wade Avenue  
Catonsville, Maryland 21228  
410-402-8000

Toll Free: 1-877-402-8218

Website: [www.dhmfh.maryland.gov/ohcq/SitePages/Home.aspx](http://www.dhmfh.maryland.gov/ohcq/SitePages/Home.aspx)

### **Health Services Cost Review Commission**

The regulation of hospitals is unique in Maryland. While the Office of Health Care Quality licenses hospitals to operate and certifies them to participate in and be reimbursed by Medicare and Medicaid, the Health Services Cost Review Commission establishes and regulates rates for inpatient and outpatient services provided at Maryland hospitals.

The commission, an independent State agency with seven commissioners appointed by the Governor, was established in 1971 with the goals of containing hospital cost growth, improving access to life-saving care, maintaining equity in hospital payments, and providing financial stability and predictability for payors and hospitals. The commission has been responsible for setting hospital rates for all payers, including Medicare, Medicaid, and commercial insurers, since 1977 as authorized by a federal Medicare waiver. More recently, the commission has adopted policies to provide payment incentives to improve the quality of care at Maryland hospitals. The commission has rate-setting authority over 47 acute care hospitals, 3 specialty hospitals, and 3 psychiatric hospitals with regulated revenue in excess of \$13 billion annually.

In January 2014, the federal Center for Medicare and Medicaid Innovation announced approval of a new Maryland all-payer model to replace the State's all-payer, rate-regulated hospital financing system. Under the model, Maryland will transition from the current waiver to a new five-year demonstration contract. The model contract includes the following major components:

- **All-payer Total Hospital Cost Growth Ceiling:** Maryland will limit inpatient and outpatient hospital cost growth for all payers to a trend based on the State's 10-year compound annual gross State product (3.58% for the first three years).
- **Medicare Total Hospital Cost Growth Ceiling:** Maryland will limit Medicare per-beneficiary total hospital cost growth, setting a per-beneficiary spending target sufficient to produce \$330.0 million in cumulative Medicare savings over five years beginning with an estimated \$49.5 million in savings in 2015.

- **Population-based Revenue:** Hospital reimbursement will shift from a per-case system to a population-based system, with at least 80% of hospital revenues shifted to global budgeting over the five-year period.
- **Reduction of Hospital Readmissions:** Maryland will commit to reducing its Medicare readmission rate over five years.
- **Reduction of Hospital Acquired Conditions:** Maryland will achieve an annual aggregate reduction of 6.89% in potentially preventable conditions measures through the Hospital Acquired Conditions Program for a cumulative reduction of 30% over five years.

The demonstration will be deemed successful if Maryland can meet the hospital cost and quality targets without inappropriately shifting costs to nonhospital settings and if there is a measurable improvement in quality of care. The Department of Health and Mental Hygiene anticipates that the model will produce net savings for the federal government, the State, and private payers, while providing stability and predictability for Maryland.

For further information contact:

Health Services Cost Review Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215  
410-764-2605  
Toll Free: 1-888-287-3229  
Website: [www.hsrc.maryland.gov](http://www.hsrc.maryland.gov)

### **Maryland Commission on Kidney Disease**

A subsection of Maryland's health care facilities – dialysis and transplant centers – are also voluntarily regulated by the Maryland Commission on Kidney Disease. As with hospitals, the Office of Health Care Quality licenses freestanding dialysis centers and certifies them to participate in and be reimbursed by Medicare and Medicaid. The commission promotes quality health care in the field of nephrology and transplantation by certifying dialysis and transplant centers, conducting annual surveys to ensure compliance with medical standards, receiving and resolving complaints, and adopting physical and medical standards for the operation of dialysis and transplant centers. The commission certifies about 125 dialysis and transplant centers. Commission certification is voluntary; however, a center must be certified by the commission in order to receive reimbursement from the Maryland Kidney Disease Program. The program serves as a payor of last resort established to assist citizens with the costs of treatment for kidney disease.

For further information contact:

Maryland Kidney Disease Commission  
4201 Patterson Avenue, Room 310  
Baltimore, Maryland 21215  
410-764-4799  
Toll Free: 1-866-253-8461  
Website: <http://dhmh.maryland.gov/mdckd/SitePages/Home.aspx>

### **Other Facilities Regulated by State Health Occupations Boards**

Certain health care facilities/entities are regulated by one of the 19 State health occupations boards, including pharmacies, wholesale distributors, sterile compounding facilities, funeral establishments, and crematories.

#### **Pharmacies, Wholesale Distributors, and Sterile Compounding Facilities**

The State Board of Pharmacy regulates the practice of pharmacy, including issuing permits to pharmacies, wholesale distributors, and sterile compounding facilities.

**Pharmacies:** A pharmacy permit is required to establish or operate a pharmacy in the State. To qualify for a pharmacy permit, resident pharmacies (that is, pharmacies located within Maryland) must arrange for an opening inspection, during which the pharmacy must meet the board's requirements for staffing, equipment, recordkeeping, and prescription dispensing procedures. Once a pharmacy has obtained a permit, the board monitors compliance with these requirements during routine annual inspections. Pharmacies that dispense controlled dangerous substances must also register with the Division of Drug Control in the Department of Health and Mental Hygiene and comply with additional inspections. A pharmacy located out of state that ships, mails, or delivers drugs or devices to Maryland residents must file for a nonresident pharmacy permit.

**Wholesale Distributors:** Wholesale distributors, which may include manufacturers, warehouses, and some retail pharmacies, must be issued a permit by the board before engaging in the wholesale distribution of prescription drugs or prescription devices into, out of, or within the State.

**Sterile Compounding Facilities:** Facilities or practitioners that perform sterile compounding or distribute a sterile drug product into or within Maryland must hold a sterile compounding permit from the board. A person that prepares and distributes sterile drug products into or within the State must hold both a manufacturer permit or other permit from the U.S. Food and Drug Administration and a wholesale distributor permit from the board.

For further information contact:

State Board of Pharmacy  
4201 Patterson Avenue  
Baltimore, Maryland 21215  
410-764-4755  
Toll Free: 1-800-542-4964  
Website: <http://dhmh.maryland.gov/pharmacy/SitePages/Home.aspx>

### **Funeral Establishments and Crematories**

The State Board of Morticians and Funeral Directors licenses and inspects funeral establishments in Maryland. Generally, a funeral establishment may only be owned by a licensed mortician, funeral director, or surviving spouse; however, a corporation license, of which there are 58 in Maryland, allows a corporation to own a funeral establishment if all services are provided by licensed individuals. New corporation licenses for funeral establishments have not been issued since 1945; only existing licenses may be renewed and sold. In 2007, in the case of *Brown, et al. v. Hovatter, et al.*, a U.S. District Court ruled that the restriction on new corporate ownership of funeral homes was unconstitutional; however, the 4<sup>th</sup> U.S. Circuit Court of Appeals later reversed that decision and reinstated the law.

The board also jointly regulates Maryland crematories in conjunction with the Office of Cemetery Oversight. The board issues crematory permits, registers crematory operators, and designates supervisory crematory operators for crematories run by funeral homes, while the Office of Cemetery Oversight regulates crematories on cemetery grounds.

For further information contact:

State Board of Morticians and Funeral Directors  
4201 Patterson Avenue  
Baltimore, Maryland 21215  
410-764-4792  
Website: [www.dhmh.state.md.us/bom](http://www.dhmh.state.md.us/bom)

### **Maryland Health Care Commission**

The Maryland Health Care Commission is an independent regulatory agency composed of 15 commissioners. The commission serves as a health policy resource for the State by planning for health system needs, promoting informed decisionmaking, increasing accountability, and improving access to health care through data gathering,

public reporting, planning, and regulation. The commission is also the lead agency dealing with the adoption of health information technology.

The commission is responsible for (1) overseeing the Medical Care Data Base, a database of health insurance claims for covered services received by privately insured Maryland residents; (2) monitoring the fiscal impact of State-mandated health insurance benefits; (3) developing quality and performance measures for health maintenance organizations, hospitals, ambulatory care facilities, and nursing homes; (4) overseeing electronic claims clearinghouses; (5) directing and administering State health planning functions to produce the State Health Plan; (6) conducting the certificate of need program; and (7) enhancing the adoption of health information technology (such as electronic health records) in the State.

At least every five years, the commission adopts a State health plan, which sets the methodologies, standards, and criteria for certificate of need review. The certificate of need process was established to ensure that new health care facilities and services were only added to the State as needed. The commission must issue a certificate of need before any health care facility can be built, relocated, or modified in the State. All projects requesting certificate of need approval are evaluated for consistency with review standards and need projections in the State Health Plan and are evaluated against five additional criteria: need, viability, impact, the cost and effectiveness of alternatives to the proposed project, and the applicant's track record in complying with conditions and terms placed on project approvals previously issued to the applicant.

The commission also administers the Maryland Trauma Physician Services Fund jointly with the Health Services Cost Review Commission. The fund covers the costs of medical care provided by trauma physicians at Maryland's designated trauma centers for uncompensated care, Medicaid patients, trauma-related on call and standby expenses, and trauma equipment grants. The fund is financed through a \$5.00 surcharge on motor vehicle registrations and renewals. The surcharge raised about \$11.6 million in fiscal 2013.

For many years, the commission also regulated the Comprehensive Standard Health Benefit Plan required to be sold in the small group health insurance market. As of December 31, 2013, there were approximately 38,000 Maryland small businesses (2-50 employees) that purchased the plan covering nearly 350,000 employees and their dependents. However, the federal Patient Protection and Affordable Care Act essentially ended the commission's regulatory role. Small businesses that purchase health insurance through the Maryland Health Benefit Exchange through the Small Business Health Options Program Exchange may qualify for a federal subsidy. As of January 1, 2014, the Comprehensive Standard Health Benefit Plan is the State-designated standard for essential

health benefits required in most health insurance plans sold in the individual and small group health insurance markets in the State.

For further information contact:

Maryland Health Care Commission

4160 Patterson Avenue

Baltimore, Maryland 21215

410-764-3460

Toll Free: 1-877-245-1762

Website: <http://mhcc.dhmh.maryland.gov/SitePages/Home.aspx>

### **Regulation of Health Care Professionals**

Within the Department of Health and Mental Hygiene, there are 19 independent boards that regulate and discipline more than 417,000 individual health care professionals. The boards seek to protect the public by ensuring that practicing health professionals are properly credentialed, certified, registered, and/or licensed to provide high-quality services to the citizens of Maryland. Each board also receives, investigates, and resolves complaints about regulated professionals and assists in establishing parameters for the practice of each regulated health profession.

In recent years, four professions came under new regulation; art therapists and behavior analysts under the State Board of Professional Counselors and Therapists; and naturopathic doctors and perfusionists under the Maryland Board of Physicians. Exhibit 9.2 shows the total number of active licensees, registrants, and certificate holders regulated by each board (most of which regulate multiple health occupations and ancillary providers) and the number of complaints investigated for each board in fiscal 2013.

All but two of the health occupations boards are exclusively special funded by revenues generated by licensing, registration, and certification fees. The State Board of Examiners of Nursing Home Administrators and the State Board for Certification of Residential Child Care Program Professionals are general funded.

**Exhibit 9.2**  
**Total Number of Active Licensees/Registrants/Certificate Holders and**  
**Complaints Investigated by the Health Occupations Boards**  
**Fiscal 2013**

	<b>Active Licensees/Registrants/ Certificate Holders</b>	<b>Complaints Investigated</b>
Acupuncture	996	6
Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists	4,277	41
Chiropractic and Massage Therapy Examiners	4,975	77
Dental Examiners	15,011	88
Dietetic Practice	1,643	20
Environmental Health Specialists	629	0
Morticians and Funeral Directors	1,413	142
Nursing	303,267	3,698 <sup>1</sup>
Nursing Home Administrators	531	8
Occupational Therapy Practice	3,378	8
Optometry	865	9
Pharmacy	21,836	306
Physical Therapy Examiners	6,865	51
Physicians (includes allied health professionals)	28,896	1,213 <sup>2</sup>
Podiatric Medical Examiners	490	58
Professional Counselors and Therapists	5,419	100
Psychologists, Examiners of	3,485	18
Social Work Examiners	13,275	91
Residential Child Care Program Professionals	<u>125</u>	<u>1</u>
<b>Total</b>	<b>417,376</b>	<b>5,935</b>

<sup>1</sup> Total complaints received and investigated in fiscal 2013.

<sup>2</sup> Total complaints resolved in fiscal 2013.

Source: Department of Legislative Services; Maryland Board of Nursing; Maryland Board of Physicians;  
*Fiscal 2015 State Budget Books.*

All of the 19 health occupations boards are subject to periodic evaluation conducted by the Department of Legislative Services in accordance with the Maryland Program Evaluation Act. The Act establishes a process better known as a “sunset review” as most

agencies evaluated are also subject to termination or “sunset.” Each of the 19 boards also has a statutory termination or “sunset” date that the General Assembly may extend; typically based on the findings and recommendations of the Department of Legislative Services’ reports.

A brief description of the specific practitioners regulated by each board is provided below.

### **State Acupuncture Board**

The practice of acupuncture involves the use of oriental medicine therapies for the purpose of normalizing energetic physiological functions including pain control, and for the promotion, maintenance, and restoration of health. The State Acupuncture Board licenses and regulates acupuncturists and enforces the Maryland Acupuncture Act. For more information contact the board at 410-764-4766 or 1-800-530-2481 (toll free). Website: <http://dhmh.maryland.gov/bacc/SitePages/Home.aspx>

### **State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists**

The State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists licenses and regulates the practice of audiology, the provision of hearing aid services, and the practice of speech-language pathology. Audiologists are specialists in the study of normal and impaired hearing, prevention of hearing loss, identification and assessment of hearing problems, and the rehabilitation of persons with hearing impairment. Speech-language pathologists evaluate, treat, and research human communication and its disorders. Hearing aid dispensers are trained to fit and sell hearing aids and other assistive listening devices to minimize hearing loss. For more information contact the board at 410-764-4725. Website: [www.dhmh.state.md.us/boardsahs](http://www.dhmh.state.md.us/boardsahs)

### **State Board of Chiropractic and Massage Therapy Examiners**

The practice of chiropractic includes the diagnosing and locating of misaligned or displaced vertebrae and, through the manual manipulation and adjustment of the spine and other skeletal structures, treating disorders of the human body. The Maryland Board of Chiropractic and Massage Therapy Examiners licenses chiropractors and registers chiropractic assistants and massage practitioners.

In Maryland, regulation of massage therapy is differentiated by the setting in which it is practiced. If outside of a health care facility, it is deemed to be nontherapeutic massage and the individual practicing must be a registered massage practitioner. Otherwise, a

practitioner must be a licensed massage therapist. For more information contact the board at 410-764-4738. Website: [www.mdchiro.org](http://www.mdchiro.org)

### **State Board of Dental Examiners**

The State Board of Dental Examiners regulates the practice of dentistry by licensing dentists and dental hygienists and certifying dental radiation technologists. Though not licensed by the board, dental assistants are issued a Maryland registration card after successfully passing the Dental Assisting National Board examination. For more information contact the board at 410-402-8501. Website: [www.dhmf.state.md.us/dental](http://www.dhmf.state.md.us/dental)

### **State Board of Dietetic Practice**

Dietitians and nutritionists are experts in food and nutrition who advise individuals on what to eat in order to lead a healthy lifestyle. The State Board of Dietetic Practice regulates the practice of dietetics and issues dietitian-nutritionist licenses. For more information contact the board at 410-764-4733. Website: <http://dhmf.maryland.gov/dietetic/SitePages/Home.aspx>

### **State Board of Environmental Health Specialists**

Environmental health specialists (previously known as environmental sanitarians) perform inspections and investigations to secure compliance with environmental and health laws and regulations. The diverse practice areas of the profession include food safety; air quality; disease investigation and prevention; animal, insect, and rodent control; and lead, well, septic system, swimming pool, and campground inspections.

Chapter 667 of 2012 transferred the Board of Environmental Sanitarians from the Maryland Department of the Environment to the Department of Health and Mental Hygiene and changed the name of the board to the Board of Environmental Health Specialists. Correspondingly, environmental sanitarians were renamed environmental health specialists. The board licenses environmental health specialists and certifies environmental health specialists-in-training, who typically have the required education but not the necessary experience for a license. For more information contact the board at 410-764-3512. Website: <http://dhmf.maryland.gov/behs/SitePages/Home.aspx>

### **State Board of Morticians and Funeral Directors**

The State Board of Morticians and Funeral Directors promotes quality funeral service practices in the field of mortuary science. The board licenses morticians, funeral directors, surviving spouses (a legal widow or widower of a licensed funeral director or

licensed mortician, whose license was in good standing at time of death, and who at the time of death, wholly or partly owned and operated a mortuary science business), and apprentices. The board also issues a small number of one-time only executor licenses, which allow the personal representatives of a deceased mortician's estate to continue to operate a funeral establishment until it is sold or the personal representative attains other licensure from the board. By the end of calendar 2014, mortuary transport services must hold a board-issued permit and mortuary transporters must register with the board. For more information contact the board at 410-764-4792. Website: [www.dhmf.state.md.us/bom](http://www.dhmf.state.md.us/bom)

### **Maryland Board of Nursing**

The Maryland Board of Nursing, the largest of all the health occupations boards, promotes and ensures quality nursing care. The board licenses, certifies, and regulates registered nurses, licensed practical nurses, nurse anesthetists, nurse midwives, nurse practitioners, nurse psychotherapists, nursing assistants, clinical nurse specialists, certified medication technicians, and electrologists. The board also regulates nursing education programs, nursing assistant programs, and electrology programs. For more information contact the board at 410-585-1900 or 1-888-202-9861 (toll free). Website: [www.mbon.org](http://www.mbon.org)

### **Board of Examiners of Nursing Home Administrators**

The Board of Examiners of Nursing Home Administrators licenses and regulates nursing home administrators and conducts a continuing study and investigation of nursing homes and administrators of nursing homes. The board also develops, administers, and enforces examination and education standards for nursing home administrators. For more information contact the board at 410-764-4750. Website: [www.dhmf.state.md.us/bonha](http://www.dhmf.state.md.us/bonha)

### **State Board of Occupational Therapy Practice**

Occupational therapy uses therapeutic activities to promote independence in daily life roles and to remediate and restore performance abilities. The State Board of Occupational Therapy Practice regulates the practice of occupational therapy and limited occupational therapy by licensing occupational therapists and occupational therapy assistants, setting standards for the practice of occupational therapy through regulations, and receiving and resolving complaints regarding occupational therapists. For more information contact the board at 410-402-8561. Website: [http://dhmf.maryland.gov/botp/SitePages/Home\\_revision.aspx](http://dhmf.maryland.gov/botp/SitePages/Home_revision.aspx)

### **State Board of Examiners in Optometry**

Optometrists provide primary eye care to the majority of Maryland's citizens through vision testing, screening of general eye health, and the prescription of eyeglasses, lenses, or contact lenses to correct vision. The State Board of Examiners in Optometry regulates the practice of optometry by licensing optometrists and certifying qualified optometrists (therapeutically certified optometrists) to administer topical ocular diagnostic or therapeutic pharmaceutical agents and remove foreign bodies from the eye. For more information contact the board at 410-764-4710. Website: <http://dhmh.maryland.gov/optometry/SitePages/Home.aspx>

### **State Board of Pharmacy**

The State Board of Pharmacy regulates the practice of pharmacy by licensing pharmacists, registering pharmacy technicians, and issuing permits for the establishment or operation of pharmacies and for the distribution of prescription drugs or devices (as discussed earlier in this chapter). For more information contact the board at 410-764-4755 or 1-800-542-4964 (toll free). Website: <http://dhmh.maryland.gov/pharmacy/SitePages/Home.aspx>

### **State Board of Physical Therapy Examiners**

Physical therapy focuses on the prevention of disability and the rehabilitation of patients or clients with a congenital or acquired disability. The State Board of Physical Therapy Examiners regulates the practice of physical therapy and limited physical therapy by licensing physical therapists and physical therapist assistants. For more information contact the board at 410-764-4718. Website: [www.dhmh.state.md.us/bphte](http://www.dhmh.state.md.us/bphte)

### **State Board of Physicians**

The State Board of Physicians regulates the practice of medicine by licensing physicians, as well as the following allied health practitioners: athletic trainers, nuclear medicine technologists, perfusionists, physician assistants, polysomnographic technologists, radiation therapists, radiographers, radiologist assistants, and respiratory care practitioners. Chapters 153 and 399 of 2014 required the board to regulate naturopathic medicine – the prevention, diagnosis, and treatment of human health conditions, injury, and disease using only patient education, naturopathic therapies, and therapeutic substances. Individuals practicing naturopathic medicine must be licensed as a naturopathic doctor by the board by March 1, 2016. For more information contact the board at 410-764-4777 or 1-800-492-6836 (toll free). Website: [www.mbp.state.md.us](http://www.mbp.state.md.us)

### **State Board of Podiatric Medical Examiners**

Podiatry is the diagnosis or treatment of disorders of the human foot or ankle, the anatomical structures that attach to the human foot, or the soft tissue below the mid-calf. The State Board of Podiatric Medical Examiners regulates the practice of podiatry by licensing podiatrists. For more information contact the board at 410-764-4785. Website: [www.dhmh.state.md.us/mbpme](http://www.dhmh.state.md.us/mbpme)

### **State Board of Professional Counselors and Therapists**

The State Board of Professional Counselors and Therapists regulates the practice of counseling and therapy by licensing and certifying professional counselors (licensed clinical professional counselor, and licensed graduate professional counselor); marriage and family therapists (licensed clinical marriage and family therapist, and licensed graduate marriage and family therapist); alcohol and drug counselors (licensed clinical alcohol and drug counselor, licensed graduate alcohol and drug counselor, certified professional counselor-alcohol and drug, certified associate counselor-alcohol and drug, and certified supervised counselor-alcohol drug); and licensing clinical professional art therapists.

Chapter 328 of 2014 required the board to regulate the practice of behavior analysis, which is the design, implementation, and evaluation of systematic instructional and environmental modifications to produce socially significant improvements in human behavior. By January 1, 2015, an individual must be licensed by the board to practice behavior analysis in the State. For more information contact the board at 410-764-4732. Website: [www.dhmh.state.md.us/bopc](http://www.dhmh.state.md.us/bopc)

### **State Board of Examiners of Psychologists**

The State Board of Examiners of Psychologists ensures that Maryland consumers receive quality psychological services by licensing psychologists and registering psychology associates. For more information contact the board at 410-764-4787 or 1-877-463-3464 (toll free). Website: [www.dhmh.state.md.us/psych](http://www.dhmh.state.md.us/psych)

### **State Board of Social Work Examiners**

The practice of social work involves restoring or enhancing social functioning of individuals, couples, families, groups, organizations, or communities through such means as planning, case management, and advocacy. The State Board of Social Work Examiners regulates the practice of social work by issuing the following four license types: licensed bachelor social worker, licensed graduate social worker, licensed certified social worker,

and licensed certified social worker – clinical. For more information contact the board at 410-764-4788 or 877-526-2541 (toll free). Website: [www.dhmh.state.md.us/bswe](http://www.dhmh.state.md.us/bswe)

### **State Board for the Certification of Residential Child Care Program Professionals**

Residential child care programs provide 24-hour care within a structured set of services and activities designed to achieve specific objectives relative to the needs of the children served. A residential child care program in the State of Maryland must be under the day-to-day management and operation of a certified residential child care program administrator. The board certifies residential child care program administrators and acting residential child care program administrators. All residential child and youth care practitioners employed in Maryland (individuals assigned to perform the direct responsibilities related to activities of daily living, self-help, and socialization skills in a residential child care program) must be certified by the board by October 1, 2015. For more information contact the board at 410-764-5966. Website: [www.dhmh.state.md.us/crcpp](http://www.dhmh.state.md.us/crcpp)

### **Local Health Departments**

As mentioned above, local health departments play a large role in carrying out health care regulation and, among other things, are charged with licensing and inspecting food processing plants and food service facilities. Licenses must be renewed on an annual basis. A listing of the local health departments and their contact information is contained in Appendix 3.

### **Other Health Care Regulatory Agencies**

While the Department of Health and Mental Hygiene primarily regulates Maryland's health care delivery system, several other State agencies play critical roles, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems.

### **Maryland Insurance Administration**

The Maryland Insurance Administration regulates health insurance products sold in Maryland and the business of insurance; protecting consumers through regulation and enforcement of the State's insurance laws. The administration investigates complaints about health insurance coverage and reviews and approves rates and contract forms for health insurance policies. The administration also enforces the State's appeals and grievances process that gives residents the right to appeal a decision by their insurance carrier to deny coverage for medically necessary services.

Employers have two major options when providing health insurance to their employees. They can (1) purchase an insured health benefit plan from an insurance company or (2) self-insure by assuming the risk and paying the claims that are filed by their employees for health services. State health insurance regulation applies only to insured health benefit plans, both employer provided plans and individual policies purchased by residents who do not have access to employer plans. Self-insured plans are regulated by the U.S. Department of Labor’s Pension and Welfare Benefits Administration under the guidelines of the Employee’s Retirement Income Security Act of 1974.

In 2013, approximately 2.83 million Maryland residents younger than 65 were insured through commercial health benefit plans – either an insured health benefit plan (*i.e.*, individual and group insured health benefit plans) or other employment-based health benefit plans (*i.e.*, self-insured health benefit plans and the Federal Employees Health Benefit Plan). Insured health benefit plans are regulated by the administration and subject to Maryland law, while other employment-based plans are not regulated by the administration and are generally not subject to Maryland law. As of 2013, the administration regulated and Maryland insurance laws applied to commercial health benefit plans covering approximately 21% of the State population younger than 65 and approximately 37% of all covered lives in the State.

In addition to comprehensive health insurance policies, the administration regulates Medicare supplement policies, long-term care policies, and other types of ancillary health insurance coverage.

For more information about the administration and the regulation of insurance in Maryland, see Chapter 8 of this Legislative Handbook Series.

For further information contact:

Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, Maryland 21202  
410-468-2000  
Toll Free: 1-800-492-6116  
Website: [www.mdinsurance.state.md.us/](http://www.mdinsurance.state.md.us/)

## **Office of the Attorney General**

The Consumer Protection Division of the Office of the Attorney General provides mediation services to consumers to help resolve complaints against businesses and health insurers. The division's Health Education and Advocacy Unit helps consumers resolve billing disputes with hospitals, medical doctors, insurance companies, and other health care providers. The unit also assists consumers negotiate refunds for medical equipment that is defective or was never delivered and seek repairs for medical equipment and other health care products. The unit uses the process of mediation to attempt to resolve these consumer complaints.

In fiscal 2013, 769 appeals and grievances cases were filed with the unit regarding health insurers. The unit mediated 76% of those cases and assisted consumers in obtaining over \$1.2 million in claims payments in appeals and grievances cases. For more information on Maryland's consumer protection laws, see Chapter 4 of this Legislative Handbook Series.

For further information contact:

Health Education and Advocacy Unit  
Office of the Attorney General  
200 St. Paul Place, 16<sup>th</sup> Floor  
Baltimore, Maryland 21202  
410-528-1840  
Toll Free: 1-877-261-8807  
Website: [www.oag.state.md.us/Consumer/heau.htm](http://www.oag.state.md.us/Consumer/heau.htm)

## **Maryland Institute for Emergency Medical Services Systems**

The Maryland Institute for Emergency Medical Services Systems oversees and coordinates all components of the statewide emergency medical services system; provides leadership and medical direction; supports emergency medical services system educational programs; operates and maintains a statewide communications system; designates trauma and specialty centers; licenses and regulates commercial ambulance services; and participates in emergency medical services-related public education and prevention programs. The institute provides executive support for the Emergency Medical Services Board in reviewing and approving the budgets for agencies receiving funds from the Maryland Emergency Medical System Operations Fund, developing and promulgating regulations and protocols, proposing emergency medical system legislation, and licensing/certifying and disciplining emergency medical system providers.

The institute oversees a statewide emergency medical services system that includes over 30,000 Maryland-certified emergency medical services providers and fosters the integration of the delivery of prehospital emergency care with 48 hospital emergency departments, 9 adult and 2 pediatric trauma centers; as well as specialty referral centers, primary and comprehensive stroke centers, cardiac interventional centers and perinatal referral centers. In fiscal 2013, the systems regulated the dispatch of 2,145 helicopter transports for trauma patients who were primarily transported by the Maryland State Police Aviation Command Medevac helicopters system, as supplemented by U.S. Park Police helicopters, Delaware State Police helicopters, and private carriers. An additional 128 patients who had suffered a significant medical emergency were also transported from the scene by Medevac helicopter. In addition to commercial air transport services, the institute regulates commercial ground ambulance services.

For more information on the structure and funding of emergency services in Maryland, see *Volume II – Government Services in Maryland*.

For further information contact:

Maryland Institute for Emergency Medical Services Systems  
653 West Pratt Street  
Baltimore, Maryland 21201  
Toll Free: 1-800-762-7157  
Website: [www.miemss.org](http://www.miemss.org)



## Chapter 10. Alcohol and Tobacco

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To protect Maryland consumers, alcoholic beverages and tobacco are regulated statewide by the Motor-fuel, Alcohol, and Tobacco Tax Unit of the Revenue Administration Division and the Field Enforcement Division of the Office of the State Comptroller. The Revenue Administration Division monitors the operation of the alcoholic beverages and tobacco industries by licensing and collecting taxes from manufacturers and wholesalers, while the Field Enforcement Division enforces the laws.

Alcoholic beverages are also regulated on the local level by one or, in some cases, two entities. In each of the 23 counties and in Baltimore City and the City of Annapolis, a board of license commissioners regulates alcoholic beverages by issuing licenses to retail licensees, such as operators of liquor stores, restaurants, and bars. In addition, boards of license commissioners work alongside independent liquor control boards in Somerset and Wicomico counties. In Montgomery and Worcester counties, the boards of license commissioners work alongside departments of liquor control, which are county agencies. Both liquor control boards and departments of liquor control regulate alcoholic beverages by operating its own wholesale distribution system and collection of retail liquor stores, called dispensaries.

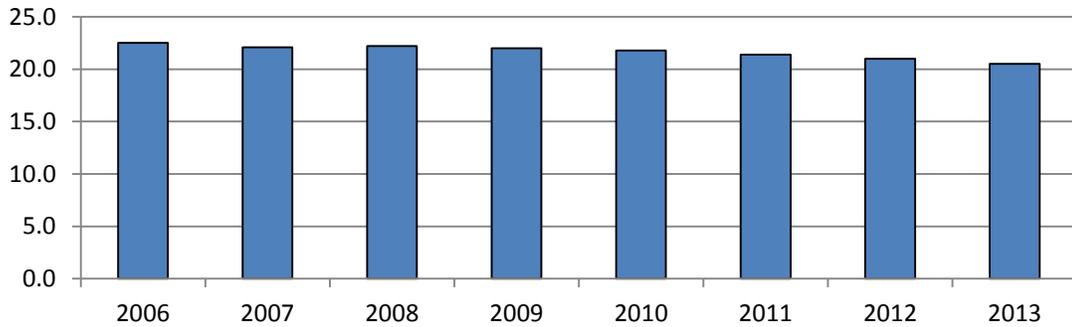
This chapter describes consumption trends and the license fees paid by businesses and consumers. Specific regulations are examined pertaining to businesses engaged in the manufacture, sale, and distribution of alcoholic beverages and in the wholesale and subwholesale distribution of tobacco. For more information about alcohol and tobacco taxes and fees, see *Volume III – Maryland’s Revenue Structure* of the Legislative Handbook Series.

### Consumption Trends

Per capita consumption of alcoholic beverages in Maryland equated to 20.4 gallons of distilled spirits, wine, and beer in fiscal 2013. The consumption rate reached its lowest level in over a decade, with a steady decline in beer consumption responsible for the drop. In 2004, per capita beer consumption was 18.7 gallons. In 2013, that figure was 16.1 gallons. Exhibit 10.1 shows the per capita consumption trend in gallons for the last seven fiscal years.

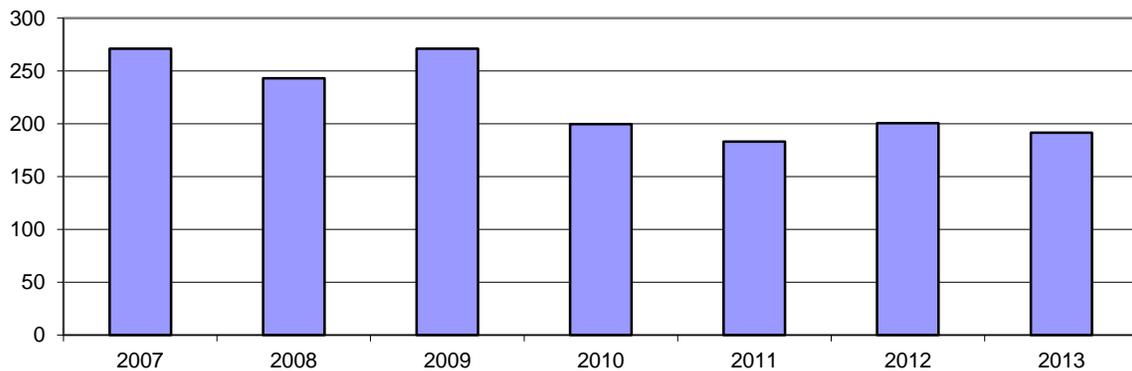
From fiscal 2012 to 2013 wholesale distilled spirit deliveries remained flat, increasing statewide only from 10.5 million gallons to 10.6 million gallons. During the same time period, wholesale beer deliveries declined 2% from 98.2 million to 95.7 million gallons, and wine deliveries increased only from 14.6 million gallons to 14.7 million gallons.

**Exhibit 10.1**  
**Per Capita Alcohol Consumption**  
**Fiscal 2007-2013**  
**In Gallons**



Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

**Exhibit 10.2**  
**Cigarette Consumption**  
**Fiscal 2007-2013**  
**In Millions**



Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

Cigarette stamp sales, which indicate the approximate number of packs sold at retail, were approximately 191.6 million in fiscal 2013, a decrease of 5% from fiscal 2012, as shown in Exhibit 10.2. The total for fiscal 2013 was the third time in the past four years that cigarette stamp sales fell below 200 million – a stark contrast to the record in fiscal 2003 to 2009, when annual cigarette consumption never fell below 240 million packs and usually reached at least 270 million.

## Licensing

All manufacturers and wholesalers of alcoholic beverages, and entities and individuals selling alcoholic beverages at retail, are required to obtain a license. In addition, all entities or individuals engaging in the wholesale or subwholesale distribution of cigarettes, or those who operate vending machines, must obtain a license.

### Alcoholic Beverages

Manufacturers and wholesalers of alcoholic beverages must obtain a license through the Motor-fuel, Alcohol, and Tobacco Tax Unit of the Revenue Administration Division. There are eight classes of manufacturing licenses and seven wholesale licenses. The type of license and associated fee depends on the commodity involved (*i.e.*, liquor, wine, beer) as summarized in Exhibit 10.3. In addition, the unit also issues 31 types of permits for a variety of activities, including storing or transporting alcoholic beverages, holding alcohol awareness programs for alcoholic beverages license holders and their employees, engaging in bulk private sales of alcoholic beverages, and promoting, selling, or offering for sale alcoholic beverages to manufacturers, wholesalers or retailers in the State. In 2013, the unit issued more than 53,000 permits and collected \$1,121,395 in permit fees.

The retail sale of alcoholic beverages is primarily regulated by local boards of license commissioners and local liquor control boards or departments of liquor control. Appendix 4 contains the phone numbers and addresses of these boards and departments. Five classes of retail licenses issued by the 23 counties, Annapolis, and Baltimore City, as well as four classes of retail licenses issued by the unit are indicated in Exhibit 10.4. An “on-sale” license permits consumption of purchased alcoholic beverages on the business premises (*e.g.*, in a restaurant). An “off-sale” license, on the other hand, prohibits the business from allowing purchasers to consume purchased alcoholic beverages on that business premises.

**Exhibit 10.3**  
**Alcohol Manufacturer and Wholesaler Licenses Issued**  
**Fiscal 2007-2013**

	<b>Annual Fee</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<u>Manufacturers' Licenses</u>								
Class 1 Distillery	\$2,000	0	2	0	1	1	1	5
Class 2 Rectifying	600	30	35	31	65	38	37	37
Class 3 Winery	750	0	0	0	0	0	0	2
Class 4 Limited Winery	200	33	37	20	47	51	63	68
Class 5 Brewery	1,500	6	4	8	7	9	12	18
Class 6 Pub-Brewery	500	1	1	1	1	1	2	1
Class 7 Micro-Brewery	500	16	12	16	14	14	19	24
Class 8 Farm Brewery	200	N/A	N/A	N/A	N/A	N/A	N/A	2
	<b>Annual Fee</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<u>Wholesalers' Licenses</u>								
Class 1 Beer, Wine, Liquor	\$2,000	40	40	37	40	34	47	49
Class 2 Wine and Liquor	1,750	21	25	20	13	15	20	17
Class 3 Beer and Wine	1,500	9	8	11	7	9	8	10
Class 4 Beer	1,250	20	9	12	15	12	13	20
Class 5 Wine	50	26	29	26	31	24	23	33
Class 6 Limited Wine	50	23	31	29	38	42	56	59
Class 7 Limited Beer*	50	0	0	0	0	0	0	0
<u>Permits</u>								
Storage, transportation, etc.		<u>60,318</u>	<u>52,436</u>	<u>50,087</u>	<u>49,337</u>	<u>52,474</u>	<u>55,378</u>	<u>53,309</u>
<b>Total</b>		<b>60,543</b>	<b>52,669</b>	<b>50,298</b>	<b>49,616</b>	<b>52,724</b>	<b>55,679</b>	<b>53,654</b>

Note: Due to prorating of license fees, revenues collected may not coincide with the number of licenses issued. Permit fees vary according to the type of permit.

\*Class 7 Limited Beer was created in fiscal 2013; the first year the license was issued was in fiscal 2014.

Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

Retail classes of licenses are issued for the sale of beer; wine; beer and wine; beer, wine, and liquor; or wine and liquor. In fiscal 2013, of the 7,004 retail licenses issued by local authorities, approximately 1.8% were beer licenses; 18.9% were beer and wine licenses; and 79.3% were beer, wine, and liquor licenses. Fees charged for these licenses are set by the respective counties subject to State law.

**Exhibit 10.4**  
**Retail Licenses Issued**  
**Fiscal 2007-2013**

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Class A	Off-sale (Carry-out packaged containers)	1,610	1,600	1,599	1,516	1,575	1,542	1,588
Class B	On- or off-sale (Hotels, Restaurants)	3,143	3,218	3,218	2,749	3,348	3,332	3,452
Class C	On-sale (Clubs)	623	606	518	568	576	546	544
Class D	On- and off-sale (General)	1,060	1,057	1,169	1,025	1,020	978	983
Class BD-7	On- or off-sale (Baltimore City)	494	506	527	497	448	566	437
<b>Subtotal Local</b>		<b>6,930</b>	<b>6,987</b>	<b>7,031</b>	<b>6,355</b>	<b>6,967</b>	<b>6,964</b>	<b>7,004</b>
Class E	On-sale (Water Vessel*)	78	74	103	96	95	82	103
Class F	On-sale (Railroad*)	2	2	2	2	2	2	2
Class G	On-sale (Airplane*)	11	12	10	11	9	10	10
SCAT	On-sale (Caterer's statewide)	<u>35</u>	<u>40</u>	<u>47</u>	<u>46</u>	<u>51</u>	<u>56</u>	<u>47</u>
<b>Subtotal State</b>		<b>126</b>	<b>128</b>	<b>162</b>	<b>155</b>	<b>157</b>	<b>150</b>	<b>162</b>
<b>Total</b>		<b>7,056</b>	<b>7,115</b>	<b>7,193</b>	<b>6,510</b>	<b>7,124</b>	<b>7,114</b>	<b>7,166</b>

\*Issued by the Motor-fuel, Alcohol, and Tobacco Tax Unit

Source: Article 2B of the Annotated Code of Maryland; Motor-fuel, Alcohol, and Tobacco Tax Unit

In addition to their licensing functions, the local boards of license commissioners are responsible for enforcing laws and regulations concerning:

- the Sunday sale of alcoholic beverages, including a prohibition or a requirement of a special license to sell alcoholic beverages on a Sunday;
- the prohibition of sales within certain jurisdictions within a county or municipality;
- the sale of alcoholic beverages at racetracks;
- the registration of kegs to be consumed off-premises; and
- the limitation on the number of licenses that can be issued by a particular jurisdiction.

Further, each jurisdiction has a set of restrictions or regulations related to the sale and consumption of alcoholic beverages. Each legislative session, the Maryland General Assembly reviews numerous local liquor bills that impact the local jurisdictions. Some examples of local legislative proposals include:

- authorizing the selling of a class of license within a local jurisdiction;
- increasing an annual license fee for a class of license within a local jurisdiction;
- setting the time of day/night, the number of hours, or specified day restrictions for the selling of alcoholic beverages for a class of license within a local jurisdiction;
- altering the requirements to qualify for a class of license (*i.e.*, minimum seating capacity, average daily receipts, and capital investment);
- specifying the consideration of factors before issuing a new license (*i.e.*, the public need and desire for the license and the impact on the general health, safety, and welfare of the community);
- specifying conditions a location in a local jurisdiction has to meet before selling alcohol beverages (*i.e.*, selling in an area of the location where food is sold);
- providing exemptions for licensure of a class license within a local jurisdiction;
- requiring notification to specified government agencies if a class of license is issued within a local jurisdiction (*i.e.*, special entertainment permit); and
- restricting the number of licenses of a class of license that may be issued within a local jurisdiction.

### **Direct Wine Shipment**

From the time it was established in 1933, Maryland's three-tier system for the manufacture, distribution, and retail sale of alcoholic beverages prevented a winery from accepting orders from and shipping its product directly to a Maryland consumer. In 2002, responding to consumer demand, legislation was enacted to create a direct wine seller's permit that authorized out-of-state wineries to accept orders that Maryland consumers placed on the Internet. But that legislation also set out a cumbersome shipping process, involving Maryland wholesalers and retailers, and it was rarely used. Meanwhile, demand for direct shipment grew. In 2010, the Comptroller reported to the General Assembly on

the steps needed to create a viable and efficient process for the direct shipment of wine from in-state and out-of-state wineries. The General Assembly responded by passing legislation, enacted as Chapters 204 and 205 of 2011, to repeal the direct wine seller's permit and replace it with a direct wine shipper's permit.

Under Chapters 204 and 205, to qualify for a direct wine shipper's permit the applicant must be (1) a person licensed outside of the State to engage in the manufacture of wine or (2) a holder of a State-issued Class 3 manufacturer's (winery) license. Retailers, such as stand-alone wine-of-the-month clubs, are excluded.

A direct wine shipper may not ship more than 18 9-liter cases of wine annually to a single delivery address or deliver wine on Sunday to an address in the State. A shipment from outside the State may not be delivered by the direct wine shipper, but instead, must be delivered in the State by a holder of a common carrier permit issued by the Comptroller. Also, the shipment must be accompanied by a shipping label that clearly indicates the name of the direct shipper and the name and address of the recipient. To complete delivery of a shipment, the common carrier must require the signature of the consumer or another individual at the address and photo identification demonstrating that the individual is at least 21 years old.

In December 2012, the Comptroller issued a report on the impact in Maryland of direct wine shipment, using statistics from the first year the direct wine shipment law was in effect. The report concluded that although the gallons of wine sold in Maryland and accompanying tax revenues increased only nominally, "there was a measurable positive impact on product availability and consumer choice."

### **Refillable Containers – "Growlers"**

Micro-breweries and pub-breweries have long been authorized to sell beer in refillable containers (commonly called "growlers"), allowing a purchaser to consume off the licensed premises beer that was poured from the tap. Since fiscal 2012, however, the popularity of growlers has grown dramatically. Legislation passed by the General Assembly has enabled local licensing boards to grant growler permits to liquor stores, restaurants, and bars, depending on the jurisdiction. See Chapters 92 and 93 of 2012 (Baltimore City); Chapter 412 of 2012 and Chapter 117 of 2013 (Howard County); Chapters 486 and 487 of 2014 (Calvert County); and Chapters 517 and 518 of 2014 (multiple jurisdictions).

In fiscal 2014, alcoholic beverages licensing boards in 15 jurisdictions were authorized to issue refillable container permits for draft beer: the City of Annapolis, Anne Arundel County, Baltimore City, Baltimore County, Calvert County, Carroll County,

Cecil County, Dorchester County, Garrett County, Harford County, Howard County, Montgomery County, Prince George's County, St. Mary's County, and Wicomico County. Refillable container permits for wine were authorized in Howard County. Also, Chapter 589 of 2013 allowed holders of brewery licenses to sell refillable containers.

Chapters 517 and 518 of 2014 established requirements for refillable containers, including:

- A refillable container for beer must have a capacity of not less than 32 ounces and not more than 128 ounces and must bear a label stating that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.
- A refillable container for wine must have a capacity of not less than 17 ounces and not more than 34 ounces.
- A refillable container used for beer or wine must (1) be sealable; (2) be branded with an identifying mark of the seller of the container; (3) bear a specified federal health warning statement; (4) display instructions for cleaning the container; and (5) bear a label stating that cleaning the container is the responsibility of the consumer.

Chapters 517 and 518 of 2014 also authorized the Comptroller to adopt standards for refillable containers, including containers originating from outside the State. As a result, a permit holder in one jurisdiction in the State may refill a customer's container originating from another jurisdiction in the State or from outside the State, as long as the container meets standards that the Comptroller adopts.

### **Class 8 Farm Brewery**

Chapter 355 of 2010 greatly expanded the ability of Maryland wineries to sell their products to visitors to their facilities. Among its provisions, the 2010 legislation allowed wineries to hold wine tastings and promotional events, and to sell or serve their visitors a wide variety of foods. Using Chapter 355 as a model, Chapters 542 and 543 of 2012 granted similar authority to farms that grow grain used in the manufacture of beer. Distilleries and rectifying facilities (facilities that color, flavor, or otherwise process liquor) also were granted authority to conduct guided tours of their facilities and to provide samples of their products to individuals on tour. Neither distilleries nor rectifying facilities, however, were granted the authority to sell or serve food.

Chapters 542 and 543 established a Class 8 farm brewery manufacturer's license, which authorizes a holder to sell and deliver beer manufactured in a facility on the licensed farm or in a facility other than one on the licensed farm to (1) a wholesaler licensed to sell and deliver beer in Maryland or (2) a person in another state authorized to acquire beer. The beer to be sold and delivered must be manufactured with an ingredient from a Maryland agricultural product, including hops, grain, and fruit, produced on the licensed farm.

A farm brewery licensee is authorized to (1) sell beer produced by the licensee for consumption on the licensed farm; (2) provide samples of beer that the licensee produces, in an amount not exceeding six fluid ounces per brand, to a consumer at no charge or for a fee; and (3) sell or serve specified foods. In addition, Chapters 542 and 543 authorized the license holder to brew, bottle, or contract for not more than 15,000 barrels of beer each calendar year.

### **Maximum Alcohol Content**

An alcoholic beverage containing 95% alcohol (190 proof) or more is often referred to as "grain alcohol." The retail sale of grain alcohol is illegal or restricted for nonpotable use in at least a dozen states, including Pennsylvania, Virginia, and West Virginia. For years, Maryland health officials, college administrators, and others attempted to prohibit the sale of these alcoholic beverages in light of their extreme potency and particular appeal to young adults. In 2014, the General Assembly responded by passing legislation, enacted as Chapters 271 and 272 of 2014, that prohibited a person from selling at retail an alcoholic beverage with an alcohol content of 95% (190 proof) or more.

### **Winery and Brewery Off-site Permits**

In fiscal 2012, hundreds of winery special events permits were issued by individual counties to sell wine at a limited number of county farmers' markets. To simplify the process and to broaden the scope of the permit, Chapter 396 of 2013 authorized the Comptroller to issue a winery off-site permit to a Class 4 limited winery. The permit may be used only (1) during the Montgomery County Agricultural Fair; (2) one night each week from June through November at the North Beach Friday Night Farmers' Market; (3) at an event that has as its major purpose an activity that is other than the sale and promotion of alcoholic beverages and for which the participation of a winery is a subordinate activity; (4) at farmers' markets that are listed on the farmers' market directory of the Maryland Department of Agriculture; and (5) at a wine festival that has as its primary purpose the promotion of Maryland wine and is authorized by the Comptroller. In addition,

Chapter 396 created a wine festival permit to allow nonprofit organizations to conduct wine festivals.

Similarly, Chapter 280 of 2014 established a brewing company off-site permit for (1) a micro-brewery that produces less than 3,000 barrels per year or (2) a farm brewery subject to specified requirements. The permit may be used to sell to a consumer for off-premises consumption up to 288 ounces of beer produced by the permit holder. The permit may also be used to sell beer at certain farmers' markets and other events.

### **Restaurants, Clubs, and Hotels – “Corkage”**

With limited exceptions, it had been unlawful in Maryland prior to 2012 to consume on a licensee's premises alcoholic beverages that were not purchased from the license holder. Chapters 86 and 87 of 2012 allowed customers to bring their own bottles of wine to drink with a meal at a restaurant under certain conditions through a practice commonly referred to as “corkage.” Chapters 86 and 87 permitted an individual in a restaurant, club, or hotel with a Class B or Class C alcoholic beverages license to consume wine not purchased from or provided by the restaurant or facility if (1) the wine is consumed with a meal; (2) the individual receives the approval of the license holder; (3) the wine is not available for sale on the license holder's wine list; and (4) the license holder obtains a specified permit from the local licensing board.

### **Tobacco**

Although to a lesser extent than alcoholic beverages, tobacco sales are also regulated in Maryland. An excise tax is required on all cigarettes and other tobacco products consumed by residents. For cigarettes, this is evidenced by a tax stamp that appears on all packs. Persons or entities acting as a manufacturer, vending machine operator, wholesaler or subwholesaler, or a storage warehouse must obtain a license. The types of cigarette licenses issued in fiscal 2007 through 2013 are presented in Exhibit 10.5.

**Exhibit 10.5**  
**Cigarette Licenses Issued**  
**Fiscal 2007-2013**

	<b>Annual Fee</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Wholesaler	\$750	61	59	65	48	48	57	51
Subwholesaler	500	33	32	30	35	38	37	40
Vendor	500	2	1	1	1	1	1	1
Manufacturer	25	11	8	14	15	15	17	21
Storage Warehouse	25	<u>3</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	1
<b>Total</b>		<b>110</b>	<b>102</b>	<b>111</b>	<b>100</b>	<b>104</b>	<b>114</b>	<b>114</b>

Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

The minimum price of cigarettes is restricted by the Maryland Cigarette Sales Below Cost Act. This Act prohibits a retailer or wholesaler from intentionally injuring a competitor by selling cigarettes at a cost that is less than the cost to the retailer or wholesaler. Similarly, a retailer may not purchase cigarettes from a wholesaler at a cost that directly or indirectly is less than the cost to the wholesaler by any means, including offering, accepting, inducing or attempting to induce a rebate in price or a concession of any kind in connection with the sale or purchase of cigarettes.

## **Enforcement**

The Field Enforcement Division of the Comptroller is responsible for enforcing State laws that prohibit unlawful activities, such as the illegal importation, manufacture, transportation, or distribution of alcoholic beverages. The division also investigates violations by manufacturers, wholesalers, and retailers of the alcoholic beverages law. The division confiscates contraband alcoholic beverages and tobacco on which the tax has not been paid and which have been illegally imported, distributed, or sold in Maryland.

## **Tobacco Products – Licensure for “Other Tobacco Products”**

“Other tobacco products” (OTPs) are cigars or any rolled tobacco (other than a cigarette), that are intended for consumption either by smoking, chewing, or as snuff. Until fiscal 2010, Maryland was one of only three jurisdictions in the United States that

did not require wholesalers, retailers, and others who handle these products to be licensed or registered, or to acquire a permit.

The Comptroller advised the General Assembly in 2010 that wholesalers frequently evaded paying OTP taxes by purchasing untaxed products from an outside source in another state and selling them to in-state retailers at a discounted rate. Additionally, retailers commonly purchased untaxed OTPs directly from out-of-state wholesalers. Chapter 388 of 2010 addressed these problems by requiring licensure of OTP retailers, wholesalers, storage warehouses, and tobacconists that operate in the State as well as any manufacturers that produce OTPs in Maryland.

The law also specified that OTP wholesalers are generally responsible for paying the OTP tobacco tax, instituted a bond requirement for wholesalers to secure their tax payments, prohibited certain types of OTP sales such as Internet sales, and required the Comptroller to enforce these measures.

### **Electronic Cigarettes**

Electronic cigarettes (sometimes referred to as “e-cigarettes”) are battery-operated devices that typically contain nicotine cartridges and other chemicals imitating flavors such as chocolate, mint, or strawberry. When a user draws on an electronic cigarette, a light-emitting diode causes the tip to glow, and the inhaled nicotine vapor is exhaled in a cloud that resembles cigarette smoke but dissipates more quickly and does not have a lingering odor. Electronic cigarettes are quickly gaining popularity across the nation.

The only Maryland statute that restricts the use of electronic cigarettes was enacted as Chapter 714 of 2012. That law prohibited a person from selling, distributing, or offering for sale an electronic device, including an electronic cigarette, cigar, cigarillo, and pipe, to a minor.

For further information contact:

Comptroller of Maryland  
Revenue Administration Division  
Field Enforcement Division  
Louis L. Goldstein Treasury Building  
For Revenue Administration Division: P.O. Box 2999  
For Field Enforcement Division: P.O. Box 2397  
Annapolis, Maryland 21404  
For Revenue Administration Division: 410-260-7980; toll free 888-784-0142  
For Field Enforcement Division: 410-260-7388; toll free 888-674-0017  
Website: [http://comptroller.marylandtaxes.com/Public\\_Services/Agency\\_Information/  
Agency\\_Divisions/](http://comptroller.marylandtaxes.com/Public_Services/Agency_Information/Agency_Divisions/)



## Chapter 11. Transportation

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An efficient transportation system is essential to helping businesses grow, communities thrive, and people earn a livelihood. Due to its unique position near the Chesapeake Bay, the Atlantic Ocean, the nation's capital, and major distribution routes along the East Coast, Maryland's transportation system is critical to the region's economic vitality and quality of life.

The Maryland Department of Transportation is responsible for ensuring that this system – highways, railroads, mass transit, and port and aviation networks – continues to serve the transportation needs of all Marylanders safely and efficiently. As Maryland's population grows, so does the demand for service on most modes of transportation, particularly highways and transit.

The department plans, finances, constructs, maintains, and operates all modes of the State's transportation systems. The administrations within the department and the independent Maryland Transportation Authority, as listed in Exhibit 11.1, conduct the department's regulatory activities. Exhibit 11.1 also displays each entity's fiscal 2015 appropriation for operating and capital expenditures. This chapter focuses on the regulatory functions of the department (involving highways, motor vehicles, railroads, port and marine terminals, and aviation) and the authority (involving toll facilities).

Other State agencies involved in the regulation of the transportation system are also discussed. For detailed information on the department's and the authority's operations and programs, see *Volume II – Government Services in Maryland* of the Legislative Handbook Series. For detailed information on revenues received and generated by the department, see *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.

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**Exhibit 11.1**  
**Expenditures by Modal Administrations and Maryland Transportation Authority**  
**Fiscal 2015 Appropriations – Operating and Capital**  
**(\$ in Millions)**

State Highway Administration	\$ 1,647.9
Motor Vehicle Administration	225.2
Maryland Transit Administration	1,350.4
Washington Metro. Area Trans. Auth.	430.0
Maryland Port Administration	202.2
Maryland Aviation Administration	286.3
Maryland Transportation Authority	821.2
Office of the Secretary	<u>462.7</u>
<b>Total Appropriations</b>	<b>\$ 5,425.8</b>

Note: The above figures include all funds. Appropriations for the State Highway Administration include highway user revenues, and appropriations for the Office of the Secretary include debt service. Total may not add due to rounding.

Source: Department of Legislative Services

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## **Highways – State Highway Administration**

The State Highway Administration, created in 1970, regulates the construction and maintenance of Maryland highways and roads. The administration is responsible for maintaining over 5,100 miles of interstate, primary, and secondary roads, and over 2,500 bridges. In addition, the State has designated 19 byways that draw focus to Maryland's scenic beauty, history, and culture. These byways encompass almost 2,500 miles of roads and can be found in every region of the State.

The State is geographically divided into seven engineering districts, each responsible for its own routine maintenance, traffic services, and construction supervision. Appendix 5 contains the addresses and phone numbers of the district offices. The Baltimore City Department of Transportation is responsible for providing these services in Baltimore City. A district engineer represents the administration at the district level in all public matters. District engineers make recommendations regarding improvements in traffic operations to the Federal Highway Administration, the Maryland Department of Transportation, other State agencies, local governments, and the public.

## **Entrances to Highways**

The administration provides several types of permits related to highway access, grading, transportation, and construction. The Engineering Access Permits Division issues permits for the construction of approved entrances, street connections, and highway capacity improvements; however, the regulation and permitting of certain residential driveway access, utility work, and other construction activity is handled by the district offices.

The division issues access permits regulating the construction of entrances from a commercial or industrial property onto a State highway. Businesses and individuals requiring highway access or causing an increase or change in traffic must obtain a permit. A business desiring to change the use or occupancy of an existing facility may need a permit if the change affects highway-entry flows or volumes.

Along with the permit application, a person must submit an engineering fee of \$50 per point of access to a State highway and a performance bond equal to 150% of project costs within the State right-of-way. In some cases, the division may require additional documents, such as letters from adjacent property owners, or additional payments such as traffic signal fees. A permit will not be issued until relocation of each utility affected by the project is authorized. In fiscal 2013, the division issued 142 permits that generated approximately \$340,000 in regional transportation improvements and \$17,770,000 of roadway improvements associated with access improvements.

In April 2010, Governor Martin O'Malley announced the creation of the Highway Access Permit Stakeholder Group to streamline the process for granting access permits to connect new developments to highways. The review group, comprised of 22 members, included real estate developers, engineers, county planners, economic development officials, and representatives from the State's environmental agencies and the Maryland Department of Transportation. Based on the recommendations of the review group, the division reorganized its structure to more effectively distribute workloads, made changes to improve customer service, developed an in-house team of experts in traffic and hydraulic design, and implemented technology that allows an applicant to check the status of a pending review of a permit application.

For further information contact:

Engineering Access Permits Division  
State Highway Administration  
Maryland Department of Transportation  
707 North Calvert Street, Mail Stop C-302  
Baltimore, Maryland 21202  
410-545-5600  
Website: <http://www.marylandroads.com/>

### **Vehicle Weight and Size Limits**

Maryland strictly regulates vehicle weight and has adopted the federal bridge formula and table, commonly known as the “Bridge Table.” Based on research and experience gained by Maryland, other states, and the federal government, the Bridge Table is designed to minimize the damage to bridges and pavement caused by a heavy load that spans too short a distance between the axles of a vehicle. According to the Federal Highway Administration, of all 5,243 interstate, State, or local bridges in Maryland, 306 were considered structurally deficient (closed or restricted to light traffic) and 871 were functionally obsolete (defined as having major components such as lane width failing to meet current design standards). Of those bridges maintained by the State, 81 were structurally deficient and 359 were functionally obsolete.

The administration, through the Hauling Permit Section of the Motor Carrier Division, may issue a permit allowing an oversized or overweight vehicle to carry a load that is impossible to disassemble. The section issues approximately 550 permits daily, and in calendar 2013, issued 142,850 permits generating almost \$9.6 million in revenue.

Further, the division enforces stringent standards on the height, length, and width of transport vehicles. These requirements are specified in Exhibit 11.2; however, various exemptions and exceptional hauling permits exist.

**Exhibit 11.2**  
**Maximum Dimensions of Transport Vehicles in Maryland**

<u>Vehicle</u>	<u>Length</u>	<u>Width</u>
Single Unit Truck, Bus (private), Class M Motor Home on interstate or State primary road systems	40 ft. in general. 45 ft. for bus or motor home on interstate or shortest route between highway and specified locations	102 inches unless special conditions apply.* Width can exceed 102 inches with a permit (for State highways) or special permission from local authorities (for local highways)
Tractor-trailer Combination	53 ft. on interstate and State primary	Same as above
Tractor-twin Trailer Combination	28 ft. max./trailer	Same as above
Any other combination	55 ft.	Same as above
Auto or Boat Transporter	65 ft. (75 ft. for stinger-steered)	Same as above
Saddle-mount and full-mount combination	97 ft.	Same as above
Bus (publicly owned)	Rigid body – 41 ft. 3-axle articulated – 60 ft.	Same as above
Other	35 ft.	Same as above

\*The administration or local authority may prohibit highway use by a vehicle exceeding a certain width if that use would endanger road users, cause excessive road deterioration, or harm adjacent property.

Source: Maryland Department of Transportation; Title 24, Subtitle 1 of the Transportation Article

For further information contact:

Motor Carrier Division  
Hauling Permits Section  
State Highway Administration  
Maryland Department of Transportation  
7491 Connelly Drive  
Hanover, Maryland 21076  
410-582-5734  
Toll Free: 800-543-4564  
Website: <http://www.marylandroads.com/>

## **Outdoor Advertising**

To erect an outdoor advertising sign along a State highway, a person may need to obtain approval from the appropriate city or county under its zoning laws or from the administration. A State sign permit is required for all advertising signs within 500 feet of the State highway system, except within a municipality. The Special Acquisition Division of the Office of Real Estate is responsible for the Outdoor Advertising Program.

A State permit is not required if the sign (1) advertises the sale or lease of property on which the sign is located; (2) advertises a business and is within 100 feet of a building used for, or an entrance to, that business; (3) advertises a Maryland historic shrine, or a county or church fair; (4) advertises a political position or candidate; or (5) advertises the temporary sale of seasonal produce by the person who has grown the produce.

An advertising sign is prohibited along a federal primary aid highway, unless it is in a commercial or industrial area, or if it is in an urban area and located more than 660 feet from the edge of the right-of-way. Federal/State agreements specify the size, lighting, and spacing requirements for billboards in these areas. Also, federal and State law prohibits new off-premises advertising signs along designated scenic routes.

Anyone who receives compensation for renting, erecting, or maintaining outdoor advertising signs must obtain an outdoor advertising license from the administration. Outdoor advertising license fees vary from \$50 annually to \$700 annually, depending on the number of advertising signs erected. Annual outdoor advertising sign permit fees range from \$10 per face to \$35 per face, depending on size. The administration issues approximately 175 licenses and 3,600 permits annually, generating almost \$80,000 in annual revenue.

For further information contact:

Special Acquisition Division  
Office of Real Estate  
State Highway Administration  
707 North Calvert Street – Mail Stop M-201  
Baltimore, Maryland 21202  
410-545-2819  
Website: <http://www.marylandroads.com/>

### **Installation/Alteration of Traffic Controls and Information Signs**

If a person wants to have traffic controls (lights, signals, signs) installed, altered, or removed from the State's primary or secondary highway system, the person must petition the administration through the Office of Traffic and Safety for review and approval. Residential and commercial land developers pay the installation and power costs for signal installations at intersections involving their access roads. If a State road intersects with a municipal street, the State pays the full cost of the traffic signal; if a State road intersects a county road, the costs are shared. Local governments pay for signals on local roads.

The office may place informational signs on State highways to inform the public of the availability of gas, food, lodging, or camping but must first consult with local government officials and the Department of Business and Economic Development concerning the placement of these signs. These signs are also subject to applicable federal standards. The businesses identified on the signs are responsible for the full administrative and operational costs of purchasing, installing, and maintaining the signs.

For further information contact:

Office of Traffic and Safety  
State Highway Administration  
Maryland Department of Transportation  
7491 Connelly Drive  
Hanover, Maryland 21076  
410-787-5813  
Website: <http://www.marylandroads.com/>

## **Motor Vehicles – Motor Vehicle Administration and Public Service Commission**

With the exception of some motorized passenger services, vehicle services in Maryland are regulated by the Motor Vehicle Administration. Established in 1910, the administration serves customers through a network of customer service offices, electronic kiosks, the Internet, a telephone customer service center, and Vehicle Emissions Inspection Program stations. The Information Systems Center, located in Glen Burnie, houses the data processing services for the entire administration. As of May 2014, 48.5% of all administration services were provided by means other than over the counter transactions.

The Public Service Commission, also established in 1910, regulates public service companies and certain passenger transportation companies, including:

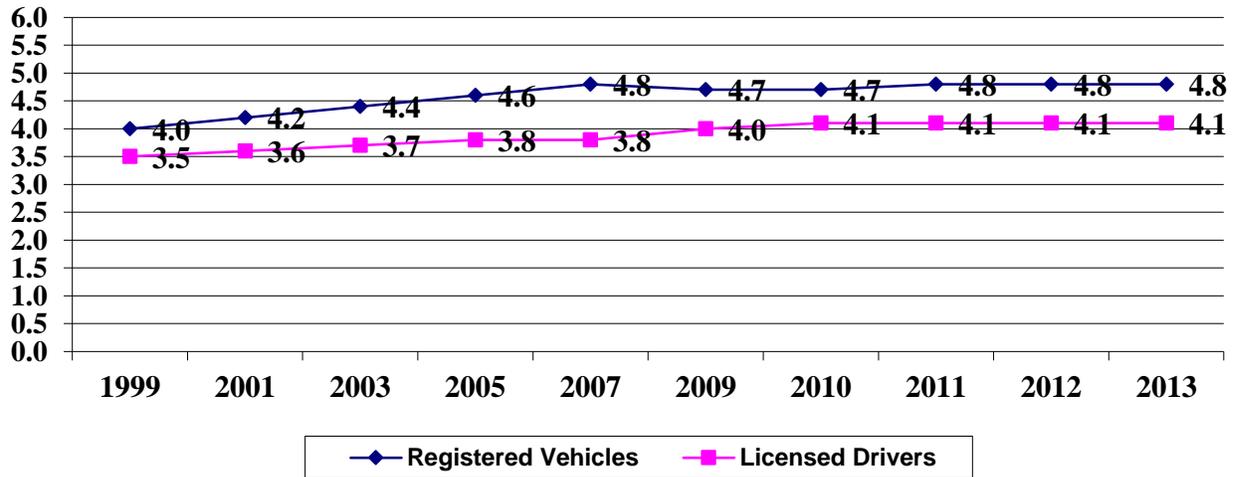
- electric and gas utilities;
- telecommunications companies;
- water and sewage disposal companies;
- passenger motor vehicle common carriers engaged in the transportation for hire of person (sedans, limousines, and buses) except those carriers of passengers that come within the jurisdiction of the Washington Metropolitan Area Transit Commission; and
- taxicabs in four local jurisdictions (Baltimore City, Baltimore County, Cumberland, and Hagerstown).

Although the commission has some regulatory authority over railroads, the commission generally has not needed to exercise it since railroads are primarily regulated by the federal government.

### **Driver's Licenses and Other Services**

The administration operates driver's license programs for all classes of commercial and noncommercial motor vehicles. This responsibility includes examining all new drivers; issuing driver's licenses, learner instructional permits, and moped permits; and providing information on classifications of driver's licenses and age requirements for drivers. Exhibit 11.3 displays the number of drivers licensed and vehicles registered during calendar 1999 to 2013.

**Exhibit 11.3**  
**Licensed Drivers and Vehicles Registered**  
**Calendar 1999-2013**  
**(In Millions)**



Source: Motor Vehicle Administration

The administration provides many services that protect the public, address environmental concerns, raise revenues for the State, and ensure the integrity of repair facilities. Specified revenues collected by the administration are deposited in the Transportation Trust Fund and used to build and maintain the State's highways, bridges, airports, mass transit, port facilities, and railroads.

Other services provided by the administration include:

- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- providing photo identification cards for nondriver residents;
- regulating motor vehicle dealers, vehicle rental companies, and driver education schools; and
- administering the compulsory insurance compliance program, vehicle emissions inspection program, and driver safety program.

The administration licenses all motor vehicle dealers, sales persons, manufacturers, and distributors. It also licenses title service agents, wreckers, scrap processors,

professional driving schools, and driving school instructors; and controls the issuance of a special mobile equipment vehicle registration. The administration jointly administers the Vehicle Emissions Inspection Program with the Maryland Department of Environment.

Since 1987, Maryland has participated in the Driver License Compact with 45 other states. Under this compact, member states report convictions of vehicle and traffic law offenses to the violator's home state; all convictions from compact states are posted to the Maryland record. Maryland also participates in the Nonresident Violator Compact, which standardizes methods to process nonresident violators who fail to comply with outstanding moving traffic summons (*e.g.*, failure to appear in court). The Administrative Adjudication Division is responsible for placing and removing most of the common restrictions and penalties that may apply to a person's driver's license.

The administration is also responsible for issuing State driver's licenses and personal identification (ID) cards and as a result is responsible for implementing the federal REAL-ID Act. This federal Act requires federal agencies to accept, for official federal purposes only, driver's licenses and personal identification cards that meet certain standards. The purpose of this Act is to increase the security of state-issued forms of identification. Proof of legal presence is a condition required by this federal Act, and licenses and identification cards from states that are not in compliance will not be accepted by federal agencies for official federal purposes, including boarding airplanes or entering federal buildings.

Maryland is 1 of 10 jurisdictions (including the District of Columbia) that allow customers who cannot demonstrate lawful status to apply for a driver's license or ID card. Maryland offers both a REAL-ID compliant driver's license and ID card and a noncompliant driver's license and ID card. For the compliant card, in addition to demonstrating residency and identification, a new applicant is required to provide a verifiable Social Security number and to demonstrate proof of lawful presence in the United States. For a noncompliant card, a new applicant must present proof of age and identity using official government documents (*e.g.*, a foreign passport), proof of Maryland residency, and a certification from the Comptroller of Maryland that the applicant has filed Maryland income taxes for the previous two years. These cards are marked "NOT ACCEPTABLE FOR FEDERAL PURPOSES" on the face of the card and listed with a restriction code on the back of the card reading the same.

Individuals who verify citizenship or lawful status are eligible to receive one of the documents for a period of up to eight years as determined by the administration, or for only as long as the individual's lawful status remains valid. Examples of acceptable documentation to prove lawful presence include: a valid unexpired U.S. passport; a certified copy of a birth certificate; a consular report of birth abroad issued by the

U.S. Department of State; a valid unexpired permanent resident card issued by the U.S. Department of Homeland Security, a certificate of naturalization or citizenship issued by the U.S. Department of Homeland Security; an unexpired foreign passport with a valid unexpired U.S. visa affixed and an approved I-94 form documenting the driver's most recent admittance into the United States; and other documents that may be added based on federal law.

For further information contact:

Motor Vehicle Administration  
Maryland Department of Transportation  
6601 Ritchie Highway, NE  
Glen Burnie, Maryland 21062  
410-768-7566  
Toll Free Customer Service Center: 800-950-1682  
Website: <http://www.mva.maryland.gov/>

See *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series for a discussion of fuel and titling taxes.

## **Truck Safety and Commercial Drivers' Licenses**

State and federal laws aimed at ensuring commercial truck safety have increased in scope over the last decade. State law allows the temporary seizure of vehicles for inspection, weighing or measuring, and sets penalties for failure to stop for an inspection or weighing. Following the terrorist attacks on September 11, 2001, the focus has also included inspections of chemical, biological, and nuclear transporters. In calendar 2013, the Maryland State Police conducted 83,201 roadside inspections of commercial trucks with 3,978 vehicles taken out of service.

Maryland has been issuing commercial driver's licenses since 1990 in accordance with standards established by federal regulations. Federal law prohibits a person from operating a commercial motor vehicle without first obtaining a license. To obtain a commercial license, the driver must pass a comprehensive written examination and a road test in the vehicle class for which the license is being issued. Commercial drivers are allowed only one license.

Federal regulations finalized in 2002 and 2003 tightened the requirements for commercial licenses. To comply with federal law and avoid the loss of federal highway funds, the General Assembly passed new major offenses that would disqualify an applicant for a commercial license for one year. These offenses include leaving the scene of an

accident, refusing to take a sobriety test, and driving under the influence of alcohol or drugs. The disqualification period is three years if the driver was transporting hazardous materials while committing one of these offenses.

For further information contact:

Motor Vehicle Administration  
Maryland Department of Transportation  
6601 Ritchie Highway, NE  
Glen Burnie, Maryland 21062  
410-768-7566  
Toll Free Customer Service Center: 800-950-1682  
Website: [http:// www.mva.maryland.gov/](http://www.mva.maryland.gov/)

## **Vehicle Emissions**

The Vehicle Emissions Inspection Program within the administration, created in 1984, tests vehicle emissions for carbon monoxide, hydrocarbons, and oxides of nitrogen to meet the standards established in the Clean Air Act. All model year 1977 and newer vehicles in the State must be tested every two years; however, some vehicles are exempt, including:

- new vehicles less than 24 months old or qualified hybrid vehicles less than 36 months after first being registered in the State;
- vehicles owned by individuals aged 70 and over or with certain disabilities who drive less than 5,000 miles each year;
- emergency vehicles;
- certain vehicles over 26,000 pounds;
- vehicles powered solely by diesel or electric;
- zero emission vehicles;
- motorcycles;
- vehicles registered as a farm truck, farm truck tractor, or farm area vehicle; and
- historic or antique vehicles.

The inspection fee is \$14. Diesel vehicles with a gross weight above 10,000 pounds, which had initially been exempt, are subject to spot roadside testing under a program adopted in 1999.

If a vehicle fails the test, the owner can qualify for a waiver from additional tests if \$450 worth of repairs are made to the vehicle (1) within 30 days before the test or

(2) within 120 days following the initial test. The administration may enforce the program through administrative sanctions, including: suspension of the vehicle registration; denial of vehicle registration renewal; or confiscation of the vehicle registration plates.

For further information contact:

Motor Vehicle Administration  
Maryland Department of Transportation  
6601 Ritchie Highway, NE  
Glen Burnie, Maryland 21062  
410-768-7000  
Website: [http:// www.mva.maryland.gov/](http://www.mva.maryland.gov/)

### **Taxicabs and Motor Carrier Companies**

Regulation of motorized passenger services (taxicabs in four local jurisdictions and for-hire motor vehicle companies) is the responsibility of the Public Service Commission. A taxicab company that operates in Baltimore City, Baltimore County, or the cities of Cumberland or Hagerstown, as well as any passenger-for-hire motor vehicle company in the State providing intrastate passenger-for-hire transportation service, must have a permit issued by the commission. At the end of fiscal 2014, the commission regulated 1,473 taxicab permits held by over 484 taxicab companies and 1,608 taxi drivers. Further, the commission regulated 1,410 passenger-for-hire motor vehicle companies, 5,766 passenger-for-hire vehicles, and 6,348 for-hire drivers.

Exceptions to the permit requirement are provided for:

- transportation of school children to and from public and private school (the Motor Vehicle Administration regulates school bus drivers);
- certain vehicles operated for three months or less in a registration year in the transportation of people to a Maryland cannery;
- public transportation for hire on the boardwalk in Ocean City;
- van pool operations;
- taxicabs that are required to have another type of permit;
- public transportation systems in local jurisdictions;
- shuttle bus service operated by the University of Maryland, College Park; and
- motor vehicles used by a privately owned transportation company exclusively to provide transportation system services under a contract with a local jurisdiction or a unit of State government.

Taxicabs located in jurisdictions that are not regulated by the commission are regulated at the local level in some jurisdictions. The following jurisdictions have their own division that licenses taxicab companies: Anne Arundel (City of Annapolis), Carroll (City of Westminster), Frederick (City of Frederick), Harford, Howard, Montgomery, Prince George's, and Worcester (Town of Ocean City) counties. In counties where there are only a few taxicabs, there is no licensing requirement but the local police or sheriff's department may have some oversight role.

A taxicab driver in the jurisdictions regulated by the commission or a passenger-for-hire motor vehicle driver in the State is required to have a valid for-hire driver's license issued by the commission. In fiscal 2014, the commission received 248 complaints against taxicabs and 103 complaints against passenger for-hire companies. Of the complaints received, no permits were revoked. A local jurisdiction other than Baltimore City, Baltimore County, Cumberland, and Hagerstown may issue a taxicab license after it determines that the permit or license would be in the best interest of the public welfare and convenience.

A taxicab or passenger-for-hire motor vehicle company is required to obtain a liability insurance policy or surety policy approved by the commission. A taxicab company is required to post in a taxicab a schedule of fares that is easily readable by the passengers. A taxicab, except in Hagerstown, must be equipped with an accurate meter that is subject to commission inspection.

For further discussion of the regulation of public utilities by the commission, refer to Chapter 12 of this volume.

For further information contact:

Public Service Commission  
6 St. Paul Street  
Baltimore, Maryland 21202  
410-767-8128  
Toll Free: 800-492-0474  
Website: <http://www.psc.state.md.us/>

## Railroads – Maryland Transit Administration and Department of Labor, Licensing, and Regulation

Since the creation of the Baltimore and Ohio Railroad in 1828, the rail system has been vital to Maryland’s economy. Two Class I freight railroads, four Class III short line freight carriers, one switching/terminal railroad, and one passenger railroad serve Maryland with a total of 994 miles of track. The major rail carriers and the mileage they serve in Maryland are listed in Exhibit 11.4.

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### Exhibit 11.4 Mileage of Class 1 Railroad Companies Operating in Maryland Fiscal 2014

<u>Railroad Companies</u>	<u>Miles</u>
CSX Transportation	557
Norfolk Southern	119
National Railroad Passenger Corp. (Amtrak)	94
Canton Railroad	20
Baltimore Industrial Railroad	26
Maryland and Delaware Railroad	109
Maryland Midland	63
Bay Coast Railroad	6
<b>Total</b>	<b>994</b>

Source: Maryland Transit Administration

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The Maryland Transit Administration is responsible for operating and maintaining rail freight services and public commuter buses, metro subway, Maryland Area Regional Commuter (MARC) trains, and light rail systems. Federal and State regulations govern the operation of rail services, with input from nongovernmental bodies.

Regulatory requirements are imposed principally at the federal level by the Surface Transportation Board, the Federal Railroad Administration, and the Federal Transit Administration. The Division of Labor and Industry in the Department of Labor, Licensing, and Regulation enforces State requirements dealing with railroad safety. The Public Service Commission also has regulatory authority over the location and construction of railroads. Guidance is also provided by the Association of American Railroads.

For further information contact:

Maryland Transit Administration  
Maryland Department of Transportation  
6 St. Paul Street  
Baltimore, Maryland 21202  
410-539-5000  
Toll Free: 866-RIDE MTA  
Website: <http://www.mta.maryland.gov/>

### **Railroad Safety and Health**

Maryland's Railroad Safety and Health Program is administered by the Division of Labor and Industry under the Department of Labor, Licensing, and Regulation, rather than the Maryland Department of Transportation. The program promotes safety and health in the railroad industry by seeking to reduce accidents, deaths, and injuries to persons, as well as property damage.

The division's Railroad Safety and Health Unit performs inspections and administers programs to:

- enforce federal safety regulations for equipment, locomotives, track, operating practices, and signal and train control;
- enforce requirements for clearance and walkway safety, and sanitation on railroad trains; and
- investigate railroad property and personal injury accidents and investigate citizen and employee complaints relating to railroads.

The unit investigated 13 railroad accidents and incidents in fiscal 2013 – resulting in five fatalities and five injuries. The unit also participates in the national Operation Lifesaver Program to promote safety at highway-railroad grade crossings. A telephone recording system enables the prompt reporting of train accidents and serious injuries that occur at night, on a weekend, or on a holiday.

For further information contact:

Railroad Safety and Health  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 601  
Baltimore, Maryland 21202  
410-767-2990  
Website: <http://www.dllr.state.md.us/labor/safety/rail.shtml>

## **Ports and Marine Terminals – Maryland Port Administration**

The Maryland Port Administration, established in 1956 and placed under the Maryland Department of Transportation in 1971, supervises the activities at marine terminal facilities located at Dundalk, Seagirt, North and South Locust Point, the Intermodal Container Transfer Facility, and the Fairfield and Masonville Automobile Terminals. The administration also owns Baltimore's World Trade Center, a multi-storied Class A office building located at the Inner Harbor.

The administration markets the Port of Baltimore throughout the world. The port, which marked its three-hundredth anniversary in 2006, links Maryland's abundant agricultural, industrial, and maritime resources to a global network of business activities and has a vital role in Maryland's economic development. Out of all U.S. ports, the Port of Baltimore is ranked first in the United States for handling roll-on/roll-off cargo, automobiles, imported forest products, imported sugar, and imported gypsum. Activity at the port generates approximately 16,700 direct jobs, and the port is responsible for about \$3.7 billion in personal wage and salary income. In 2013, the total dollar value of foreign commerce that moved through the port's public and private terminals was \$52.6 billion. The public terminals handle most of the port's general cargo, while the private terminals handle most of the bulk commodities, such as coal and salt.

The administration has expanded its terminal operations to accommodate passenger cruise ships. In 2006, a permanent cruise terminal opened at South Locust Point. The Port of Baltimore will offer 90 home port cruises in 2014 on two major cruise lines – Carnival and Royal Caribbean. Cruise destinations in 2014 include the Bahamas, Bermuda, the Caribbean, and Canada/New England. In addition, the Port of Baltimore will host seven cruise ships making port calls.

The functions of the administration include:

- constructing and maintaining publicly owned terminal facilities;
- operating sales and marketing offices around the world;
- analyzing cargo flow patterns and projecting future facility needs;
- improving shipping access channels and security infrastructure;
- coordinating with federal and other State agencies in harbor and channel dredging projects;
- constructing and maintaining dredged material placement facilities;
- issuing permits for pier construction in the harbor area or disposal of dredge material on administration property; and
- adopting regulations that address hazardous materials entering or leaving port facilities.

In December 2009, the Board of Public Works approved a 50-year lease of the Seagirt Marine Terminal to Ports America Chesapeake (PAC), a member of the Ports America Group (the largest independent terminal operator in the United States). This long-term lease is the State's first fully completed public-private partnership. Under this lease, PAC operates Seagirt, including setting the rates and collecting all revenues, and in exchange PAC funded and constructed a 50-foot berth at Seagirt and purchased four new super post-Panamax cranes. PAC also will return approximately 65 acres of land leased at the Dundalk Marine Terminal and make certain payments to the State and Baltimore City.

For further information contact:

Maryland Port Administration  
Maryland Department of Transportation  
The World Trade Center  
401 East Pratt Street  
Baltimore, Maryland 21202  
410-385-4444  
Toll Free: 800-638-7519  
Website: <http://www.marylandports.com/>

## **Aviation – Maryland Aviation Administration**

The Maryland Aviation Administration is responsible for encouraging and assisting the development of aviation statewide for the benefit of residents, businesses, and visitors. The administration owns and operates the Baltimore/Washington International Thurgood Marshall Airport and the Martin State Airport. Responsibilities of the administration

include developing a statewide aviation system plan to address the public need for airport facilities and services.

BWI Marshall is the twenty-second busiest airport in the United States, and is currently the busiest in the Baltimore-Washington region, serving more than 22 million passengers annually. Air service includes an average of more than 600 daily commercial flights and nonstop service to 73 domestic and international destinations. In calendar 2013, for the second straight year international passenger traffic increased by approximately 20%. The number of international passengers has nearly doubled since calendar 2008. BWI Marshall is also a major transportation resource and economic development engine for Maryland, creating and supporting almost 94,000 jobs and more than \$5 billion in business revenue.

The airport operates a comprehensive Noise Assistance Program, which includes a voluntary land acquisition element for individuals most affected by aircraft noise and a residential soundproofing initiative for those wanting to stay in their current homes.

Typical soundproofing improvements include replacement of windows and exterior doors, additional caulking and weather stripping, tight-fitting closures or baffles on exterior vents, and increased attic insulation. The administration also offers technical assistance to Maryland communities for compliance with federal aeronautical regulations and State policies.

For further information contact:

Maryland Aviation Administration  
Maryland Department of Transportation  
P.O. Box 8766  
BWI Airport, Maryland 21240-0766  
410-859-7111  
Toll Free: 800-435-9294  
Website: <http://www.marylandaviation.com/>

## **Toll Facilities – Maryland Transportation Authority**

The Maryland Transportation Authority is the governing body for the State's toll facilities. The authority maintains its own trust fund and is financially and legally separate from the Maryland Department of Transportation. The authority is supervised by the Secretary of Transportation, who is the chairman of the authority, and a group of eight citizens appointed by the Governor with the advice and consent of the Senate. The authority is self-supporting and finances its transportation facility projects, including the operation, maintenance, and improvement of toll facilities, through revenue bonds and toll revenues. Additional income is derived through concession contracts with vendors that operate the Maryland House and Chesapeake House Service Plazas on the Kennedy Memorial Highway. In fiscal 2013, the authority generated around \$455 million in toll revenues and \$4 million from concessions. (In 2013 and 2014, the Maryland House and Chesapeake House Service Plazas underwent reconstruction and only one facility was open at a time. The new Maryland House opened in January 2014 and the new Chesapeake House is expected to open in the fall of 2014.)

The authority operates eight toll facilities – four bridges, two tunnels, and two turnpikes – that are located in three regions of the State.

- North:** John F. Kennedy Memorial Highway (I-95)  
Thomas J. Hatem Memorial Bridge (Harford County – Susquehanna River U.S. 40)
- Central:** Baltimore Harbor Tunnel (I-895)  
Fort McHenry Tunnel (I-95)  
Francis Scott Key Bridge (Baltimore I-695)
- South:** Harry W. Nice Memorial Bridge (Potomac River U.S. 301)  
William Preston Lane, Jr. Memorial Bridge (Chesapeake Bay Bridge U.S. 50/301)  
InterCounty Connector (ICC/MD 200)

In addition to these toll facilities, the authority owns and operates I-395 in Baltimore City and the Intermodal Container Transfer Facility (which it leases to CSX Railroad). More recently, the authority has worked in partnership with the State Highway Administration to construct the \$2.6 billion InterCounty Connector, a new east-west highway that will link I-270 to I-95. It is anticipated that this project will be fully completed in the fall of 2014 (the InterCounty Connector had a phased opening: Phase 1 I-270/I-370 to MD 97 – February 2011; Phase 2 MD 97 to I-95 – November 2011; and Phase 3 I-95 to US 1 – fall 2014). In addition, the authority is constructing I-95 Express

Toll Lanes in each direction from I-895 north to north of MD 43. It is expected that this project also will be completed in 2014.

In January 2009, the authority ended the sale of commuter and shoppers ticket books and transitioned customers to E-ZPass. The authority charges a monthly service fee for E-ZPass accounts and charges for the cost of new and replacement E-ZPass transponders. The duration of E-ZPass commuter plans is 45 days.

Legislation enacted effective July 1, 2013, required the authority to adopt a program of video tolling. Under the program an owner or operator of a vehicle that passes through a toll facility without an E-ZPass account, without sufficient funds in an E-ZPass account, or without paying cash is not subject to a civil or criminal penalty but instead will be mailed a notice of video toll due. The owner or operator has 30 days to pay the video toll, which is 150% of the actual toll. An owner or operator who fails to timely pay the video toll is subject to a civil citation and penalty, for which the person may pay or elect to stand trial. Failure to pay a video toll or subsequent civil citation or to contest liability subjects the motor vehicle in question to refusal or suspension of the registration. The video tolling program also applied to outstanding violations that were incurred before July 1, 2013.

The 2013 legislation also authorized the authority to enter into an agreement with other jurisdictions for the reciprocal enforcement of toll violations.

For further information contact:

Maryland Transportation Authority  
2310 Broening Highway  
Baltimore, Maryland 21224  
410-537-1000  
Toll Free: 866-713-1596  
Website: <http://www.mdt.maryland.gov/>

### **Hazardous Materials Restriction**

Vehicles carrying bottled propane gas (in excess of 10 pounds per container and maximum of 10 containers), bulk gasoline, explosives, a significant amount of radioactive materials, or certain other hazardous materials are prohibited from using the Fort McHenry or Baltimore Harbor tunnels. Vehicles carrying Class 1 explosives (mass explosion, projection, fire, or no significant blast hazard) or radioactive materials must have permission from the authority to cross an authority toll bridge. A full listing of prohibited materials can be obtained from the authority's subtitle in the Code of Maryland Regulations (COMAR 11.07.01.01, *et seq.*). The Maryland Transportation Authority Police are

responsible for law enforcement at the authority's highways, tunnels, bridges, the Baltimore/Washington International Thurgood Marshall Airport, and the Port of Baltimore.

For further information contact:

Maryland Transportation Authority Police  
Fort McHenry Tunnel East Ventilation Building  
2301 South Clinton Street  
Baltimore, Maryland 21224  
410-537-1374  
Toll Free: 800-492-TIPS  
Website: <http://www.mdt.maryland.gov/>

## Chapter 12. Public Utilities

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The Maryland Public Service Commission, established in 1910, regulates public service companies (*i.e.*, public utilities) and is charged with ensuring an adequate and reliable supply of utility services at just and reasonable rates. Public service companies provide utility services such as natural gas, electricity, telecommunications, water, sewage disposal, and for-hire transportation.

This chapter discusses the commission's organization, regulatory authority, regulated services, other special programs, and unregulated services. Further, the chapter briefly describes the Office of the People's Counsel, which represents residential and noncommercial interests relating to utilities before the commission, and the Maryland Energy Administration, which promotes energy efficiency and the development of renewable energy sources.

### Organization of the Public Service Commission

The commission consists of five commissioners, appointed by the Governor with the advice and consent of the Senate, who serve five-year staggered terms. Five major work units carry out the commission's administrative and regulatory duties:

- Office of General Counsel;
- Public Utility Law Judge Division;
- Office of the Executive Secretary;
- Office of External Relations; and
- Office of the Executive Director (technical staff).

The Office of General Counsel provides legal advice, represents the commission in external administrative proceedings, and defends commission orders in State and federal courts. The office plays an active role in the commission's regulatory enforcement activities, responds to requests for information (Public Information Act requests), and reviews legal issues such as those involving the Environmental Trust Fund, the federal Energy Policy Act, and the implementation of the federal Telecommunications Act of 1996. The office also provides assistance for other initiatives.

The Public Utility Law Judge Division conducts formal proceedings in matters referred by the commission and files proposed orders with the commission. Division proceedings involve applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies;

purchased gas fuel rate adjustments; matters relating to bus, passenger common carrier, water, and sewage disposal companies; plant equipment and depreciation; and consumer complaints not resolved at the administrative level. During 2013, the commission delegated 286 cases to the division, of which 257 related to transportation matters.

As the administrator of the commission's daily operations and recordkeeping, the Office of the Executive Secretary is responsible for case management, order preparation, purchasing and procurement, regulations, tariff maintenance, fiscal and budget management, regulation development, and the Equal Employment Opportunity Program. The office consists of four divisions: administrative (case management, document management, regulation management, and operations); fiscal (fiscal and budget management and purchasing and procurement management); information technology; and personnel. The office establishes the commission's docket, maintains official records, and carries out the commission's directives regarding the assignment and completion of duties within the commission. The executive secretary is also a member of a team of policy advisors to the commission.

The Office of External Relations investigates and responds to consumer inquiries and complaints relating to gas, electric, water, and telephone services. The office also mediates disputes between consumers and utility companies. In 2013, the office investigated 5,278 consumer complaints and fulfilled 1,437 requests for information concerning the commission, utilities, and suppliers. The office also provides the public with utility-related information based on feedback received from consumers and meets with utilities regarding customer concerns.

The Office of the Executive Director coordinates the work of the commission's technical staff in analysis of utility filings and operations, presentation of testimony in formal and informal proceedings, and support of the commission's regulatory oversight activities. The technical staff provides expertise on accounting and financial issues; enforces electric utility compliance with national reliability and safety standards; is responsible for ensuring hazardous liquid and gas pipeline safety; and conducts economic, financial, and policy analyses relevant to utility regulation. The office oversees the seven divisions of the commission's technical staff:

- accounting investigations (audit of utility books);
- electricity (regulation and analysis relating to electricity);
- telecommunications, gas, and water (regulation and review of rate and tariff filings);
- energy analysis and planning (analysis of long-range plans related to electric reliability and energy efficiency);
- staff counsel (direction and coordination of the technical staff's position in matters pending before the commission);

- transportation (enforcement of laws and regulations pertaining to safety, rates, and services of the passenger-for-hire industry); and
- engineering (monitoring and inspection of the operations of electric, water, and sewage plants and natural gas and hazardous liquid pipelines).

## **Regulatory Authority of the Public Service Commission**

The commission exercises jurisdiction over electric distribution companies and electricity suppliers, gas distribution companies and gas suppliers, combination gas and electric distribution companies, telecommunications companies, water companies, sewage disposal companies, combined water and sewage disposal companies, common carriers (passenger-for-hire motor vehicle companies, vehicles, and drivers; railroad companies; and certain taxicab companies and driver permits), and intrastate pipelines. Commission jurisdiction over railroad companies is secondary to federal jurisdiction. Exhibit 12.1 shows the public service entities regulated by the commission as of December 31, 2013.

The commission's jurisdiction is limited to services that are provided within Maryland. Services between Maryland and one or more other states fall under the jurisdiction of federal entities, including the Federal Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the Federal Communications Commission, which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

The commission is best known for its role in setting utility rates for public service companies. State law authorizes the commission to hear and decide matters regarding (1) rate adjustments through tariff proceedings; (2) applications to exercise or abandon public utility franchises; (3) applications to modify the type or scope of utility services provided; (4) the issuance of securities by public service companies; (5) the acquisition of gas and electric companies; (6) adoption and enforcement of new rules and regulations; (7) the construction and modification of power plants; and (8) the quality of utility and common carrier services. In addition to these functions, the commission collects and maintains records and reports of public service companies; reviews plans for service; inspects equipment; audits financial records; handles consumer complaints; defends commission decisions on appeal to State and federal courts; and intervenes in relevant cases before federal courts and regulatory agencies.

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**Exhibit 12.1**  
**Public Service Entities Regulated**  
**by the Public Service Commission**  
**As of December 31, 2013**

Electric Distribution Companies	11
Gas Distribution Companies	7
Combined Gas and Electric Distribution Companies	2
Electric and Gas Suppliers	460
Telecommunications Companies	306
Water and Combined Water & Sewage Disposal Companies	21
Passenger-for-hire Motor Vehicle Companies	1,348
Passenger-for-hire Vehicles	7,012
Passenger-for-hire Drivers	7,957
Toll Bridge Companies	1
Taxicab Permits*	1,398
Taxicab Companies*	562
Taxicab Drivers*	1,692

\*The commission issues taxicab permits and taxicab driver's licenses in Baltimore City, Baltimore County, Cumberland, and Hagerstown.

Source: Public Service Commission

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### **Public Utilities Regulated by the Public Service Commission**

The commission regulates public utilities on both a general and a utility-specific basis. General regulation includes (1) requiring public utilities to obtain the commission's authorization to begin, alter, or abandon franchise operations; (2) ensuring the quality of utility and common carrier service; (3) requiring public utilities to submit applications for approval of all rates and charges; and (4) requiring the protection and education of consumers. The commission must also approve the issuance of stocks, bonds, and other securities by public utilities incorporated in Maryland. The commission assesses an annual fee on all public utilities to pay the commission's expenses. The assessment is based on the commission's estimated annual operating budget.

The following section describes the commission's utility-specific regulatory requirements for:

- electric distribution companies, gas distribution companies, and combined gas and electric distribution companies;
- water companies, sewage disposal companies, and combined water and sewage disposal companies;
- telecommunications companies; and
- transportation companies.

For information regarding taxation of these entities, see *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.

### **Electric Distribution, Gas Distribution, and Combined Gas and Electric Distribution Companies**

Gas and electric distribution companies must comply with specific regulations of the commission. These regulations, which have the force of law, govern (1) construction of generating stations and transmission lines; (2) modification of generating stations, including operating equipment and procedures; (3) installation of electric metering and submetering in apartment houses; (4) commission testing and authorization of all gas and electric meters, including submeters, used for billing purposes; and (5) the companies' treatment of customers. The commission has engaged in substantial consumer protection activity regarding the service provided by competitive electricity suppliers.

#### **Natural Gas**

In the Maryland natural gas market, the commission regulates gas distribution companies, including monitoring retail competition and customer choice, to ensure that safe, reliable, and affordable gas service is provided. The commission regulates several gas distribution companies, the largest of which are Washington Gas Company and Columbia Gas of Maryland, and two combined gas and electric distribution companies, Baltimore Gas and Electric Company and the Easton Utilities Commission.

In the larger distribution territories, customers may choose from multiple competitive gas suppliers. Large industrial consumers were the first group to receive gas in a competitive market in 1995. The commission allowed smaller business and residential consumers to purchase natural gas from competitive supply in a restructured natural gas market in 1996. As of March 2014, competitive gas suppliers served about 24% of the approximately 1.0 million residential accounts, 35% of the approximately 79,000 firm

service commercial and industrial accounts, and 82% of the approximately 900 daily-metered and interruptible accounts representing about 53% of total system volume.

### **Electricity**

The commission relies on several divisions within the Office of the Executive Director to evaluate alternatives when considering options for maintaining a reliable electric system. These alternatives include new generating capacity, power purchases, energy conservation and efficiency, cogeneration, and renewable energy resources. The commission evaluates these alternatives in an effort to ensure that adequate and reliable service is provided to electric customers at the lowest system cost.

The commission also considers necessary features in evaluating utility system planning and operations. These features include (1) diversity, reliability, dispatch ability, and other factors of risk; (2) the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of these savings over time; and (3) the treatment of demand and supply resources on a consistent and integrated basis.

***Major Electric Companies:*** Maryland has four large investor-owned electric companies: Baltimore Gas and Electric Company (BGE), Potomac Electric Power Company (PEPCO), Delmarva Power and Light Company (Delmarva), and the Potomac Edison Company. There are two principal electric cooperatives in Maryland: Choptank Electric Cooperative on the Eastern Shore and the Southern Maryland Electric Cooperative (SMECO). There are also two out-of-state cooperatives that serve small portions of Maryland: A&N Electric Cooperative and Somerset Rural Electric Cooperative. There are five municipal electric companies: Berlin Municipal Electric Company; Easton Utilities Commission; Hagerstown Municipal Electric Light Plant; Thurmont Municipal Light Company; and Williamsport Municipal Electric Light System.

***Electric Restructuring and Competitive Supply:*** After several years of debate in the legislature and in regulatory circles, legislation was enacted in 1999 to restructure the electricity industry in Maryland. Under the Electric Customer Choice and Competition Act of 1999, electric restructuring's primary feature consisted of "customer choice" for customers of all investor-owned electric companies effective July 1, 2000, along with customer protections, a new universal service program for low-income customers, and environmental protections that address a restructured industry framework.

Prior to restructuring, the electricity industry provided three main services through a vertically integrated monopoly: the generation of electricity; the transmission of that electricity on high-capacity lines to distribution networks; and the distribution of the

electricity to customers. The electric companies then “bundled” these three services and provided them to their customers within geographically defined exclusive service territories. Restructuring took the generation component out of this bundled service package, allowing customers to purchase electricity generated by any licensed source (“customer choice”) and have the electricity delivered over the transmission and distribution lines of their electric company. Customers also have the option to retain the electric company as their electricity supplier under “standard offer service.”

“Standard offer service” is electricity that customers purchase from their electric company, the still-regulated utility that distributes electricity to customers in its service territory. The electric company purchases electricity in bulk and makes it available, at a price that varies by customer class, to any customer who (1) does not choose a new (competitive) electricity supplier; (2) has not been offered customer choice; (3) contracts for competitive electricity supply that is not delivered; or (4) has been denied service by an electricity supplier. Under this obligation to serve, the cost of standard offer service is set at a market price sufficient to provide the electric company with the opportunity to recover verifiable, prudently incurred costs to procure or produce the electricity, plus a reasonable return.

The 1999 Act intended to soften the transition to retail competitive electric supply market rates by mandating two comprehensive mechanisms to protect electric customers from rate increases: a mandated rate reduction and a rate cap. The last of the price caps expired in December 2008, after which residential standard offer service customers became subject to market rates.

In the aftermath of the lifting of price caps in the BGE service territory, which resulted in a 72% increase in average residential electricity prices in 2006, the legislature altered the process for procuring electricity supply for standard offer service in order to limit price volatility and protect residential and small commercial customers. The procurement of supply for standard offer service is accomplished through a series of bidding auctions during the year for blocks of supply. The standard offer service product can (1) include a blended portfolio of short-, medium-, and long-term contracts to address different portions of customer load and (2) include cost-effective energy-efficiency and conservation measures. Also, the names of successful bidders in the auction must be disclosed. In implementing the legislation, the commission revisited the procurement process for standard offer service. As a result, for residential service, the commission requires electric companies to use a series of rolling two-year contracts auctioned two times each year.

Due to a number of factors including the length and level of prices under rate caps and regulatory uncertainty, the retail competitive market in Maryland started slowly. For

several years, few competitive electricity suppliers offered residential retail products in the State, although more suppliers entered the market for commercial and industrial customers. Across the four major electric company service territories, as of July 2014, competitive electricity suppliers serve about 25% of the approximately 2 million residential accounts, 34% of the approximately 190,000 small commercial accounts, 59% of the approximately 55,000 medium commercial accounts, and 88% of the approximately 1,400 large industrial accounts.

Exhibit 12.2 shows the competitive electricity suppliers in Maryland that are actively seeking new customers by customer class and service territory, and the total number of electricity suppliers licensed to provide services to those customer classes in those territories.

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**Exhibit 12.2**  
**Electricity Suppliers Active and Licensed in Maryland by Service Territory**  
**As of July 2014**

<u>Service Territory</u> <i>Active/Total Licensed</i>	<u>Residential</u>		<u>Commercial</u>		<u>Industrial</u>		<u>Other</u>	
Potomac Edison	<b>21</b>	<i>135</i>	<b>34</b>	<i>234</i>	<b>29</b>	<i>206</i>	<b>9</b>	<i>26</i>
BGE	<b>43</b>	<i>148</i>	<b>61</b>	<i>258</i>	<b>53</b>	<i>219</i>	<b>10</b>	<i>28</i>
Delmarva	<b>23</b>	<i>138</i>	<b>40</b>	<i>244</i>	<b>35</b>	<i>209</i>	<b>9</b>	<i>28</i>
PEPCO	<b>34</b>	<i>139</i>	<b>48</b>	<i>244</i>	<b>41</b>	<i>211</i>	<b>10</b>	<i>27</i>
SMECO	<b>5</b>	<i>89</i>	<b>6</b>	<i>153</i>	<b>5</b>	<i>131</i>	<b>0</b>	<i>14</i>
Choptank	<b>3</b>	<i>79</i>	<b>4</b>	<i>139</i>	<b>4</b>	<i>122</i>	<b>0</b>	<i>8</i>

Note: The first figure for each customer class, in **bold**, is the number of active suppliers in that customer class in the service territory; the second figure, in *italics*, is the number of electricity suppliers licensed to serve the customer class in the service territory. The latter figure includes anyone licensed as any kind of “electricity supplier” (a supplier, aggregator, broker, or biller). It also includes any electricity supplier with a currently valid license, whether or not the supplier is now serving or has ever served customers in the State.

Source: Public Service Commission

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### Other Energy Programs

In addition to its oversight of the gas and electric industries and the Power Plant Research Program described below, the commission is also involved in other energy-related programs, including the Renewable Energy Portfolio Standard Program, the

transmission planning process at the PJM Interconnection, LLC, the Regional Greenhouse Gas Initiative, and the EmPOWER Maryland Program.

- **Renewable Energy Portfolio Standard:** Since 2006, electricity suppliers have been required to meet an increasing portion of their energy supply needs with renewable energy with minimum percentages of Tier 1 and Tier 2 sources. Tier 1 sources include wind (onshore and offshore); qualifying biomass; geothermal; ocean; poultry-litter-to-energy; and certain thermal energy sources. Tier 1 Solar sources include photovoltaic cells and residential solar water heating systems commissioned in fiscal 2012 or later. Tier 2 includes only large hydroelectric power plants. The creation, sale, and transfer of renewable energy credits (RECs) from Tier 1 and Tier 2 sources are used to comply with the standard. Suppliers who fail to acquire sufficient RECs to satisfy their portfolio obligations must pay a compliance fee as a financial penalty. The fee supports the creation of Tier 1 sources in Maryland. The goal of the standard is to have at least 20% of the State’s energy supply provided by Tier 1 renewable sources in 2022 and beyond, of which at least 2% must be derived from solar energy. As of August 2014, 10.3% of the State’s energy supply is provided by Tier 1 renewable sources of which .35% is derived from solar energy; 2.5% of the State’s energy supply is provided by Tier 2 renewable sources. Further, in 2022 and beyond, the commission determines the offshore wind energy component of energy supply provided by Tier 1 renewable sources, based on the projected annual creation of offshore wind energy credits (ORECs), of which may not exceed 2.5%.
- **Transmission Planning Process at the PJM Interconnection, LLC:** PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Increasing demand for electricity in the eastern states has caused periodic congestion that interferes with the ability of regional transmission facilities to deliver electricity economically and reliably to customers in Maryland and other states in the northeastern portion of the PJM region. At times, the congestion has caused the Federal Energy Regulatory Commission and PJM to impose financial penalties in order to spur development of additional transmission and generating capacity to serve these regions. Congestion has eased in the last few years due to a combination of transmission facilities improvements, the economic downturn, and greater demand response (induced management and conservation of electricity use by end-use customers). The commission conducts annual proceedings to assess the reliability of the electrical grid, including the steps PJM and Maryland electric companies are taking to ensure grid reliability.

- **Regional Greenhouse Gas Initiative (RGGI):** RGGI is an organization currently consisting of nine northeastern and mid-Atlantic states that is designed to reduce CO<sub>2</sub> emissions from power plants and other significant emitters and through a cap that lowers over time through 2020. Participating states primarily use quarterly auctions to distribute allowances to electric power plants. Maryland's share of auctioned CO<sub>2</sub> allowances supports conservation and energy efficiency programs and provides low-income energy assistance to electric customers. For more information, see Chapter 3 of this volume of the Legislative Handbook Series.
- **EmPOWER Maryland Program:** The program requires electric companies to propose cost-effective energy efficiency and conservation programs and services designed to reduce per capita energy consumption and total peak load. Using 2007 as a base year, the 2008 legislation that created the program established an overall per capita State goal of achieving a 15% reduction in electricity consumption and a 15% reduction in peak demand by the end of 2015. The commission has approved many of these programs.

### **Water, Sewage Disposal, and Combined Water and Sewage Disposal Companies**

Twenty-one private companies provide water services, sewage disposal services, or both to Maryland residents. Under State law, a private water or sewage disposal system for public use may not be constructed without prior approval of the commission. The approval process includes a review of all proposed financing plans for the system. Government agencies and municipal corporations are exempt from this review.

The commission also reviews interjurisdictional water supply activities. For example, a county or municipal corporation may supply water to another county, sanitary district, or municipal corporation. The entity receiving the water may submit a written application requesting the commission to fix or alter the water rates. The commission may then fix or alter these rates, effectively treating the supplying county or municipal corporation as a water company.

Finally, the commission has the authority to alter rates for sewage disposal. Any county or municipal corporation may submit a written application requesting the commission to fix or alter rates for sewage disposal service supplied within the county or municipal corporation by another county or municipal corporation. The commission may then fix or alter these rates, effectively treating the supplying subdivision as a sewage disposal company. This rate-setting function does not apply to contracts establishing rates for sewage disposal service between supplying and receiving subdivisions.

## **Telecommunications Companies**

In regulating telecommunications, the commission reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates local service companies, the intrastate services of long distance (“interexchange”) companies, and companies that resell interexchange service. Further, the commission monitors the quality of service by these providers and the administration of telephone numbering resources; administers the certification of payphone providers; and monitors low-income telecommunication services, enhanced 9-1-1 services, and telecommunications relay services. Verizon Maryland, Inc. (formerly Bell Atlantic-Maryland, formerly C&P Telephone) is the traditional provider of local telephone service in virtually all of Maryland. However, as of July 2014, Verizon faces competition from approximately 252 licensed competitive local exchange carriers, of which 113 are facilities-based. The remainder resell wholesale services.

## **Transportation Companies**

The commission enforces laws pertaining to the safety, rates, and service of transportation companies operating in Maryland by analyzing rate filings and service offerings, monitoring the operations of transportation companies, and inspecting vehicles to ensure that they comply with safety regulations. The commission also regulates the issuance of permits and licenses for passenger-for-hire companies; for-hire railroad companies; and taxicab permits in Baltimore City, Baltimore County, Cumberland, and Hagerstown. For more detailed information on transportation services, including taxicabs and motor carrier companies, and the regulation of the transportation industry, please refer to Chapter 11 of this volume and *Volume II – Government Services in Maryland* of the Legislative Handbook Series.

## **Power Plant Research Program**

In addition to its regulatory duties, the commission works with the Power Plant Research Program in the Department of Natural Resources. The program, established in 1971 as the Power Plant Siting Program, was renamed in 1986 as a part of the department’s Power Plant and Environmental Review Division. Originally established to explore issues

for siting nuclear power plants, the program now assesses the environmental impacts on air quality, ground and surface water, and wetlands associated with all proposed electric power plants and transmission lines. The program is charged with ensuring that Maryland meets its long-term electricity demands at reasonable cost while protecting the State's valuable natural resources.

Based on the program's findings, the department makes recommendations to regulatory bodies such as the commission during licensing and permitting proceedings. The activities of the program include (1) predicting the impact of proposed new generating facilities; (2) evaluating the acceptability of proposed transmission line routes; (3) assessing the impact on existing generating facilities; (4) forecasting future demand for electric power; and (5) investigating information gaps through a long-range research program.

An environmental surcharge assessed on the generation of electricity by Maryland power plants funds this program. Utilities collect the surcharge from electricity ratepayers, whether located in or out of the State. Revenues generated from the surcharge are placed in the Environmental Trust Fund. As recently extended under Chapters 434 and 435 of 2013, the surcharge expires in June 2020.

## **Utilities and Related Services Not Regulated by the Public Service Commission**

Although the commission regulates more than a dozen types of utilities, several similar industries and services are either unregulated or are regulated by other government entities. Exhibit 12.3 displays the most common utility-related industries and services that are not regulated by the commission. These include cable television, home heating oil, Internet service providers, municipally owned water companies, propane/bottled gas (also known as "bottle oil"), and wireless telecommunications.

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**Exhibit 12.3**  
**Utility-related Industries and Services Not Regulated**  
**by the Public Service Commission**

Cable Television	Subject to various federal statutes and the rules and regulations of the Federal Communications Commission (FCC). Regulated by various local municipal or county governments through franchising agreements
Home Heating Oil	Unregulated in Maryland
Internet Service Providers	Unregulated
Municipally Owned Water Companies	Local municipalities are direct service providers
Propane/Bottled Gas	Unregulated in Maryland
Wireless Telecommunications	Subject to licensure by FCC and deceptive practices enforcement by the Federal Trade Commission. Unregulated under Maryland law

Source: Public Service Commission

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### **Cable Television**

The commission does not regulate the rates, terms, conditions, or service quality of cable television in Maryland. Instead, cable systems are largely regulated by federal law, the rules and regulations of the Federal Communications Commission, and various local governing bodies through franchising agreements. Local municipal and county governments grant franchises to cable companies operating within their boundaries, charge licensing and franchising fees for rights-of-way, and address complaints concerning service interruptions, signal quality, and basic cable service rates.

Since 2005, cable companies have begun to enter the telephone market, while telephone companies have similarly entered the cable market. To enter the cable market, telephone companies must first negotiate hundreds of individual franchise agreements with county, city, and municipal officials. Agreements expire after several years and then must be renegotiated. To ease this process, some telephone companies have advocated changing

State or federal law to allow them to enter the cable market on a statewide or nationwide basis.

For information on the structure, powers, and revenue sources of local government in Maryland, see *Volume VI – Maryland Local Government* of the Legislative Handbook Series.

### **Home Heating Oil**

Due to ample competition in the industry, the commission does not regulate home heating oil companies. Consumers in contractual disputes with home heating oil providers may contact the Consumer Protection Division of the Office of the Attorney General.

### **Internet Service Providers**

Internet service providers are not regulated by the State or by the Federal Communications Commission. Consumers may contact the Consumer Protection Division of the Office of the Attorney General to address contractual disputes with providers. Consumers may report cases of suspected fraud to the Internet Crime Complaint Center. In 2000, the National White Collar Crime Center, the Federal Bureau of Investigation, and the Bureau of Justice Assistance partnered to form this entity to facilitate the flow of information among federal, state, local, and international law enforcement agencies and victims of Internet fraud. Further information about the center, and a means to file an online complaint with it, may be found at <http://www.ic3.gov/>.

### **Municipally Owned Water Companies**

In regulating water companies, the commission's authority applies only to privately owned, for-profit companies that are authorized to provide service within a specified service territory. The commission does not regulate municipally owned water companies, nor does it set rates for such entities as the Washington Suburban Sanitary Commission, which provides water and sewage disposal service in Montgomery and Prince George's counties.

### **Propane/Bottled Oil**

As with home heating oil, the commission does not regulate bottled propane or gas due to sufficient competition in the industry. Consumers in contractual disputes with propane or bottled gas providers may contact the Consumer Protection Division of the Office of the Attorney General.

## **Wireless Telecommunications**

Wireless or cellular telecommunications services, as well as Voice-over-Internet Protocol services, international, and inter-state telephone, are not regulated under Maryland law. Cellular telephone companies are specifically excluded from the definition of a “telephone company” under the Public Utilities Article. The Wireless Telecommunications Bureau of the Federal Communications Commission licenses cellular telephone companies, while the Federal Trade Commission handles actions for deceptive marketing or fraudulent investment schemes. Further information about the regulation of wireless telecommunications services may be found at <http://wireless.fcc.gov/>.

For further information concerning the Public Service Commission contact:

Public Service Commission  
William Donald Schaefer Tower  
6 St. Paul Street, 16th Floor  
Baltimore, Maryland 21202  
Phone: 410-767-8000  
MD Toll Free: 1-800-492-0474  
TTY Users call via Maryland Relay: 1-800-201-7165  
Website: <http://webapp.psc.state.md.us/>

## **Office of the People’s Counsel**

While the commission is the administrative agency that regulates the distribution and supply of utility services, the Office of the People’s Counsel, an independent State agency, represents residential interests relating to utilities. The People’s Counsel is appointed by the Attorney General. The office represents residential and noncommercial customers before the commission and other State and federal agencies in actions related to electricity, natural gas, telephone, water and sewage disposal, and transportation.

For further information contact:

Maryland Office of People’s Counsel  
William Donald Schaefer Tower  
6 St. Paul Street, Suite 2102  
Baltimore, Maryland 21202  
Phone: 410-767-8150  
Toll Free: 1-800-207-4055  
Fax: 410-333-3616  
Email: [Info@opc.state.md.us](mailto:Info@opc.state.md.us)  
Website: <http://www.opc.state.md.us/>

## **Maryland Energy Administration**

The Maryland Energy Administration acts as the energy advisor to the Governor. With a changing energy industry and emerging new energy markets, the administration's strategic goals include making the State of Maryland a leader in energy efficiency; reducing energy costs for Maryland citizens; reducing greenhouse gas emissions from the energy sector; increasing the use of renewable energy; leveraging public/private partnerships in order to improve the competitive position of Maryland industry; and lowering the operating expenses of State and local governments while contributing to the improvement of air and water quality in Maryland.

To reach these goals, the administration is involved with several initiatives including the Regional Greenhouse Gas Initiative, the EmPOWER Maryland Program, and the Energy Efficiency Standards Program, which sets State mandated efficiency standards for nine separate products.

For further information contact:

Maryland Energy Administration  
60 West Street, Suite 300  
Annapolis, Maryland 21401  
Telephone: 410-260-7655  
Toll Free: 800-72-ENERGY  
Fax: 410-974-2250  
Email: [meainfo@energy.state.md.us](mailto:meainfo@energy.state.md.us)  
Website: <http://www.energy.maryland.gov/>

## Chapter 13. Sports

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Maryland regulates thoroughbred and harness racing, boxing, professional wrestling, kickboxing, and mixed martial arts to maintain the integrity of these sporting events and protect participants and the public interest. The Maryland Racing Commission and the State Athletic Commission, both under the Department of Labor, Licensing, and Regulation, oversee and enforce the State regulation of these activities.

This chapter discusses the regulatory structure governing these sports, the functions of the regulatory bodies, and the State's role in licensing sports agents.

### **Thoroughbred and Harness Racing**

Horse racing is financed by the receipts from controlled legalized gambling on horses and is subject to extensive regulation. Since 1920, the Maryland Racing Commission has regulated horse racing in the State and sought to protect and promote the public interest in all matters pertaining to horse racing and wagering.

The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel wagering and other aspects of horse racing in the State. The commission:

- approves racing dates;
- approves specific types of wagering and collects wagering taxes;
- regulates the size of the purse and stake and the price of admission;
- regulates the charge made for an article or service sold at the meets; and
- oversees drug testing laboratories which protect the integrity of horse racing for the benefit of the betting public and competing jockeys.

Each individual, association, or corporation involved with horse racing must be licensed by the commission. The commission may suspend or revoke the license of a person engaged in racing within the State who violates the racing laws or commission rules and regulations.

The commission licenses owners, trainers, assistant trainers, jockeys, veterinarians, farriers, stable employees, mutuel employees, track employees, and vendors. Any person

engaged in racing in Maryland under an assumed name must register with the commission for permission to use the name. The number of licenses issued in calendar 2009 through 2013 is summarized in Exhibit 13.1.

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**Exhibit 13.1**  
**Horse Racing Licenses**  
**Calendar 2009-2013**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Thoroughbred Licenses	5,142	4,971	5,193	5,305	5,292
Harness Racing Licenses	1,304	630	1,210	1,511	1,463
<b>Total Licenses</b>	<b>6,446</b>	<b>5,601</b>	<b>6,403</b>	<b>6,816</b>	<b>6,755</b>

Source: Maryland Racing Commission

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Maryland is also part of the Interstate Compact on Licensure of Participants in Live Racing with Pari-Mutuel Wagering, which reduces the cost and paperwork involved in acquiring licenses for those who participate in racing in several states. Maryland owners and trainers are eligible for a compact license, which is issued by a compact committee composed of racing officials from the member states. A compact license is to be honored by the racing commission in each member state, thus allowing licensees to avoid the necessity of acquiring individual state licenses.

In addition to betting on live races, an individual may bet on races simulcast from around the country to any of the State tracks or several off-track betting facilities. Up until 2011, four off-track betting sites operated in Maryland; as of the end of 2013, only the Riverboat on the Potomac in Charles County is operating. The handle of the off-track betting location is included in the mutuel pools of the sending track. Locations may be licensed as off-track betting facilities if they include high-quality dining and seating areas, have tele-theatre screen capacity, and are not within a 35-mile radius of a mile thoroughbred track or harness track (although this provision may be waived with approval from the affected parties).

Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at the Timonium Race Course during the State Fair. A track in Bowie is used only for training and stabling horses. Fair Hill, a steeplechase facility, is permitted to have up to eight race days per year, although there has only been one race day per year

since 2006. Maryland has two harness racetracks: Rosecroft Raceway in Prince George’s County and Ocean Downs in Worcester County. Exhibit 13.2 depicts the number of thoroughbred and standardbred race dates in calendar 2010 through 2013.

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**Exhibit 13.2**  
**Live and Simulcast Racing Dates**  
**Calendar 2010-2013**

<b>Thoroughbred Racing</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	
Laurel Race Course					
Live	119	115	117	109	
Simulcast Only	118	86	87	129	
<b>Total</b>	<b>237</b>	<b>201</b>	<b>204</b>	<b>238</b>	
Pimlico Race Course					
Live	20	29	29	36	
Simulcast Only	22	26	92	86	
<b>Total</b>	<b>42</b>	<b>55</b>	<b>121</b>	<b>122</b>	
Timonium Race Course					
Live	7	6	7	10	
Simulcast Only	3	4	3	0	
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	
	<b>Total Live</b>	<b>146</b>	<b>150</b>	<b>153</b>	<b>155</b>
	<b>Total Simulcast</b>	<b>143</b>	<b>116</b>	<b>182</b>	<b>215</b>
	<b>Thoroughbred Total</b>	<b>289</b>	<b>266</b>	<b>335</b>	<b>370</b>
<b>Standardbred (Harness) Racing</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	
Rosecroft Raceway					
Live	0	20	54	54	
Simulcast Only	167	106	303	307	
<b>Total</b>	<b>167</b>	<b>126</b>	<b>357</b>	<b>361</b>	
Ocean Downs Racetrack					
Live	4	37	44	47	
Simulcast Only	362	327	316	317	
<b>Total</b>	<b>366</b>	<b>364</b>	<b>360</b>	<b>364</b>	
	<b>Total Live</b>	<b>4</b>	<b>57</b>	<b>98</b>	<b>101</b>
	<b>Total Simulcast Only</b>	<b>529</b>	<b>433</b>	<b>619</b>	<b>624</b>
	<b>Standardbred Total</b>	<b>533</b>	<b>490</b>	<b>717</b>	<b>725</b>

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The commission also has regulatory authority over several funds. The Maryland-Bred Race Fund was created in 1962 under the direction of the Maryland-Bred Race Fund Advisory Committee to develop an incentive program to encourage the

improvement of thoroughbred breeding and racing. The Maryland Standardbred Race Fund was created in 1971 to promote the breeding of standardbred horses in Maryland. Both funds are supported by an assessment on each track licensee of a portion of the mutuel pool of all horse races. The funds are then distributed as purse money and awards to owners and breeders.

The Maryland Jockey Injury Compensation Fund, established in 1985 as a nonprofit organization, provides a blanket workers' compensation insurance policy for all jockeys who are licensed by the commission and participate at Maryland racetracks.

The State collects revenue in the form of pari-mutuel wagering taxes (0.32% tax) and license fees from horse racing. (For further information regarding horse racing taxes and fees, see *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.)

In the past, financial enhancements had been provided to the industry in order to supplement declining revenues from wagering on races. Since 2010, revenues from video lottery terminal (VLT) revenues sustain racing. With the approval of a Constitutional amendment in 2008, the State was authorized to issue licenses to operate a total of 15,000 VLTs in five locations across the State. As a result, the horse racing industry was projected to receive as much as \$140 million in annual assistance for purses, bred funds, and racetrack renewal, with a maximum of \$100 million allocated for purses and a maximum of \$40 million allocated for racetrack renewal. In 2012, further changes were made to the State's VLT law, again with approval of the voters, by increasing the maximum number of VLTs to 16,500 and adding a sixth location in Prince George's County. In addition, allocations for the racing industry were also altered. With these changes, the distribution includes funds distributed to the:

- Purse Dedication Account – generally 7% to enhance horse racing purses and funds for the horse breeding industry, not to exceed \$100 million annually; and
- Racetrack Facility Renewal Account – for construction and capital improvements to racetrack facilities, not to exceed \$20 million annually.

Of the funds distributed to the Purse Dedication Account, 80% go to the thoroughbred industry and 20% to the standardbred industry. Further, of the funds allocated for purses, 89% go to purses and 11% are designated for the two bred funds.

For further information contact:

Maryland Racing Commission  
Department of Labor, Licensing, and Regulation  
300 E. Towsontowne Boulevard  
Towson, Maryland 21286  
410 296-9682  
Website: <http://www.dllr.state.md.us/racing/>

### **Boxing, Wrestling, Kickboxing, and Mixed Martial Arts**

The Maryland State Athletic Commission, established in 1920, sets forth the rules and regulations for amateur boxing matches and exhibitions and professional boxing, wrestling, kickboxing matches and exhibitions, and mixed martial arts contests. The commission licenses the participants and other persons involved in these sports and is responsible for regulating the direction, management, and control of these events.

In addition, the commission adopts regulations concerning ticket sales, facilities and equipment, and contractual relationships between promoters or managers and boxers, wrestlers, kickboxers, or mixed martial arts contestants. Health and safety regulations established by the commission include standards for contestant physicals, ophthalmologic and neurologic health, medical suspensions, and promoter/contestant safety responsibilities. The commission also regulates the drug testing of contestants.

Except in certain limited situations, a promoter of a live boxing, kickboxing, wrestling, or mixed martial arts event is required to pay the greater of \$200 or 10% of the gross receipts from the event. An individual or organization that shows a boxing, kickboxing, wrestling, or mixed martial arts event on a pay-per-view cable or satellite transmission basis is required to pay a 10% tax on the gross proceeds from the event.

The licenses issued by the commission during fiscal 2011 through 2014 are summarized in Exhibit 13.3. Annual license fees include \$150 for a promoter; \$25 for a matchmaker or manager; \$15 for a judge or referee; and \$10 for a boxer, wrestler, kickboxer, or mixed martial arts contestant.

**Exhibit 13.3**  
**Licensing of Boxing, Wrestling, and Kickboxing**  
**Fiscal 2011-2014**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Licenses Issued	739	609	571	1,011
Shows Supervised				
Boxing	10	5	9	17
Wrestling	39	36	40	50
Kickboxing	0	0	0	0
Mixed Martial Arts	3	2	2	3
Medical Examinations	1,507	1,272	1,178	1,682
Investigations	15	19	18	15
Administrative Actions	75	43	70	134

Source: State Athletic Commission

For further information contact:

State Athletic Commission  
 Department of Labor, Licensing, and Regulation  
 500 North Calvert Street, Room 304  
 Baltimore, Maryland 21202  
 410-230-6223  
 Website: <http://www.dllr.state.md.us/license/ath/>

## **Sports Agents**

The Department of Labor, Licensing, and Regulation licenses individual and corporate athlete agents who seek to represent student-athletes. An “athlete agent” is a person who enters into an agency contract with a student-athlete or directly or indirectly recruits or solicits a student-athlete to enter into an agency contract. A “student-athlete” is an individual who engages in, is eligible to engage in, or may be eligible in the future to engage in any intercollegiate sport. A “student-athlete” includes an individual who is or was a member of a high school sports team. Licensure of agents requires the disclosure of an applicant’s training, experience, education, and legal history.

Maryland’s law largely conforms with the licensure requirements to uniform state standards produced by the National Conference of Commissioners on Uniform State Laws. Accordingly, agents licensed in other states that have adopted the uniform act may use a certificate of registration or licensure from the other state as application for Maryland licensure or renewal.

Each agency contract must contain specific language that advises the student-athlete of the consequences of signing a contract with an athlete agent. Contracts must be available for inspection by the State and must be filed with the athletic director of the educational institution of the student-athlete.

Specified prohibited activities on the part of an athlete agent are subject to criminal penalties of a fine not exceeding \$10,000 or imprisonment not exceeding one year, or both. In addition, agents are subject to reprimand, suspension, or revocation of a license for engaging in conduct that has a significant adverse effect on the applicant’s fitness to act as an athlete agent. Civil penalties of up to \$25,000 for violation of the subtitle may be assessed.

The application fee for an athlete agent license is \$25, and the biennial license fee is \$1,000. As of July 2014, there were 22 individuals licensed as athlete agents.

For further information contact:

Department of Labor, Licensing, and Regulation  
Licensure of Sports Agents  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202  
410-230-6271  
Website: <http://www.dllr.state.md.us/license/sports/>



## Chapter 14. Occupational and Professional Licensing

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The quality of services provided by individuals and entities in a wide variety of business occupations and professions can significantly affect public health, safety, and welfare. To ensure minimum standards of competency, the following State agencies regulate a significant number of businesses, occupations, and professions:

- Department of Labor, Licensing, and Regulation;
- Department of State Police;
- Office of the Attorney General;
- Court of Appeals; and
- Department of Public Safety and Correctional Services.

The regulatory functions of these State agencies are accomplished through various occupational and professional boards, commissions, and programs. The laws regulating these professions are found in the Business Regulation Article and the Business Occupations and Professions Article. Other provisions of law also provide for regulation, including Title 12 of the Public Safety Article for the Elevator Safety Review Board. This chapter describes the general regulatory functions of the various occupational and professional boards, commissions, and programs and, by State agency, the specific regulatory responsibilities of each board, commission, and program.

### General Functions

The general functions of the various boards, commissions, and programs include reviewing applications; administering examinations; issuing licenses, permits, registrations, or certificates; and investigating complaints from the public. Each board, commission, and program has the authority to issue licenses, permits, registrations, or certificates based on standards specified in State law and established by the individual board, commission, or program. Through fees charged for the licensing, permitting, registration, or certification process, each regulatory entity raises revenue to offset the cost of regulation.

Each board, commission, and program may deny, suspend, or revoke certain licenses, permits, registrations, or certificates if an applicant or holder of a license, certificate, registration, or permit is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the applicant or holder to practice the regulated activity. Each board, commission, and program also has the authority to impose penalties against individuals who commit prohibited acts, such as practicing without regulatory authority. Penalties include fines, imprisonment, or both.

Most boards and commissions are subject to the Maryland Program Evaluation Act, which requires the Department of Legislative Services to examine the effectiveness of their operations and activities on a periodic basis. Many of the boards and commissions have a sunset date (fixed date for termination) that the General Assembly may extend following its review of the “sunset” reports and recommendations prepared by the Office of Policy Analysis in the Department of Legislative Services.

## **Department of Labor, Licensing, and Regulation**

Through several divisions of the Department of Labor, Licensing, and Regulation, a significant number of businesses, occupations, and professions are regulated. The Division of Occupational and Professional Licensing administers regulatory programs that govern the practice of a wide variety of occupations and professions in Maryland through its many boards, offices, commissions, units, and other licensing structures. Except for the State Athletic Commission and the licensure of sports agents (described in Chapter 13 of this handbook), the division’s licensing boards, commissions, and programs are described in this chapter. The Division of Financial Regulation regulates collection agencies, which along with the other regulatory functions of the division, are described in Chapter 7 of this handbook.

### **Accountants**

The State Board of Public Accountancy regulates and licenses individuals acting as certified public accountants and issues permits to business entities that provide public accountancy services.

An individual must pass the Uniform Certified Public Accountant Examination before becoming licensed as a certified public accountant. To take the examination, an applicant must possess a baccalaureate degree from an accredited institution with satisfactory completion of 120 semester hours, 27 of which must be in accounting-related subjects and 3 in ethics. To qualify for licensure, an individual who passes the examination must possess a baccalaureate degree in accounting or an equivalent field and have completed 150 semester hours. A candidate for licensure must also meet specified experience criteria.

Additionally, licensees who offer specified accounting services to the public are required to have an independent peer review once every three years as a condition of license renewal and to maintain their license in good standing. Certified public accountants actively licensed in other states with substantially similar licensing requirements may obtain practice privileges in Maryland upon meeting certain criteria.

The board issues three types of licenses – active certified public accountant, inactive certified public accountant, and reciprocal – and three types of permits – corporation, limited liability company, and partnership.

As a special fund board, the board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board; these funds are deposited in the State Board of Public Accountancy Fund. There are four sections of the licensing examination with fees ranging from \$180 to 200 for each section. First-time applicants must also pay a \$67 fee for application review. The board charges \$22 for an active certified public accountant original license and \$56 for a biennial renewal. The board charges \$67 for an original business permit and \$135 for a biennial renewal. The board collected \$2,032,939 in licensing and related fees in fiscal 2012 and \$574,111 in fiscal 2013. The board issued 20,377 licenses and permits in fiscal 2013.

For further information contact:

State Board of Public Accountancy  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6258  
Website: <http://www.dllr.maryland.gov/license/cpa/>

### **Barbers and Cosmetologists**

The State Board of Barbers regulates and licenses barbers, and the State Board of Cosmetologists regulates and licenses cosmetologists.

Practicing barbering means cutting, styling, relaxing, body waving, shampooing, or coloring hair; shaving or trimming a beard; massaging a face; or designing, fitting, or cutting a hairpiece. To qualify for a master barber license, an individual must (1) successfully complete a required program of at least 1,200 hours of training in a barber school, or an apprenticeship of at least 2,250 hours within two years under the supervision of a master barber in a barbershop that holds a barbershop permit and (2) pass an examination. The board may waive the examination requirement for an individual who is licensed to practice barbering in another state.

Practicing cosmetology means beautifying, cleaning, or embellishing hair; arching or dyeing eyebrows; dyeing eye lashes; providing esthetic services; or providing nail technician services. To qualify for a cosmetologist license, an individual must (1) meet

certain age and high school education requirements; (2) successfully complete at least 1,500 hours of training in a cosmetology school or training by serving as a registered apprentice under the supervision of a licensed senior cosmetologist in a beauty salon or barbershop that holds a valid permit; and (3) pass a written and practical examination. The board may waive the examination requirement for an individual who is licensed to practice as a cosmetologist in another state.

An individual may also submit an application for a limited cosmetologist license to provide esthetic services or nail technician services. Legislation went into effect on October 1, 2013, that authorized the board to issue a limited cosmetologist license to provide hair services, the scope of which is limited to beautifying, cleaning, or embellishing hair. The board has not yet begun issuing this new limited license. To qualify for a limited cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) complete training in the field of focus; and (3) pass a written and practical examination.

A person who wishes to operate a barbershop or beauty salon must obtain a permit from the appropriate board. A person may operate a beauty salon as a limited practice beauty salon and offer cosmetology services limited to providing esthetic services, hair services, or nail technician services if the required limited practice permit is obtained. As of August 2014, the new limited practice permit to provide hair services is not yet being issued. Both boards are authorized to issue citations to and impose civil penalties on licensees and permit holders for violations of laws and regulations of the respective boards.

Each board must ensure that the fees of their board are reasonable and cover the actual documented direct and indirect costs of operating the respective board; these funds are deposited in the general fund. The Board of Barbers charges \$50 for an original barber and master barber license and for a biennial renewal. The Board of Cosmetologists charges \$25 for an original cosmetologist, esthetician, nail technician, and senior cosmetologist license and for a biennial renewal. Both boards charge \$10 for an apprentice license. Both boards charge \$200 for a permit to operate a barbershop or beauty salon and \$50 for a biennial renewal. In fiscal 2013, the Board of Barbers issued 6,395 licenses, and the Board of Cosmetologists issued 48,992 licenses. The Board of Barbers collected \$210,525 in licensing and related fees in fiscal 2012 and \$233,699 in fiscal 2013. The Board of Cosmetologists collected \$981,941 in licensing and related fees in fiscal 2012 and \$1,006,129 in fiscal 2013.

For further information contact:

State Board of Barbers  
500 North Calvert Street, Room 201  
Baltimore, Maryland 21202-3651  
410-230-6320  
Website: <http://www.dllr.maryland.gov/license/barbers/>

State Board of Cosmetologists  
500 North Calvert Street, Room 201  
Baltimore, Maryland 21202-3651  
410-230-6320  
Website: <http://www.dllr.maryland.gov/license/cos/>

## **Cemeteries**

The Office of Cemetery Oversight regulates the operation of cemeteries, including those offering perpetual care and preneed burial contracts. An individual must be registered with the office before operating a cemetery or providing burial goods. A corporation, limited liability company, or partnership must obtain a permit before operating a cemetery or burial goods business.

To qualify for a registration, an applicant must demonstrate that the cemetery or burial goods business is financially stable. To qualify for a permit, the business entity must designate a registered cemeterian or seller as the individual responsible for the oversight of each cemetery or burial goods business.

Bona fide, religious nonprofit cemeteries that do not sell preneed goods are exempt from registration and permitting requirements as are private family cemeteries that do not conduct public sales. Morticians, funeral directors, and funeral homes are also exempt because they are regulated by the State Board of Morticians and Funeral Directors. For more information about the board, see Chapter 9 of this handbook.

The office investigates and mediates consumer complaints involving cemeteries or burial goods sold by State-registered cemetery personnel. The office also enforces and monitors the ethical standards related to the operation and sale of cemetery and burial goods to protect the citizens of Maryland from unfair and unscrupulous practices in the cemetery industry. In addition, the office regulates crematories under its jurisdiction in the State.

Sellers of preneed goods and services, including funeral directors and morticians, must distribute a general price list, disclose all the goods and services reasonably expected to be required at the time of need but not included in the preneed contract, and disclose the buyer's cancellation and refund rights. All preneed sellers of caskets or casket vaults must deposit in a trust or escrow account 80% of the payment for caskets or casket vaults.

Any person subject to the Maryland Cemetery Act must comply with applicable perpetual care trust requirements and preneed sales requirements. A number of the Act's other requirements also apply to unregistered individuals and businesses without permits that operate cemeteries or provide burial goods.

As a special fund office, the office must ensure that the fees of the office are reasonable and cover the actual documented direct and indirect costs of operating the office; these funds are deposited in the Cemetery Oversight Fund. Registrations and permits are renewed biennially. Registration and permit fees are based on the number of contracts sold. In fiscal 2013, the office issued 1,130 registrations and permits. The office collected \$554,773 in licensing and related fees in fiscal 2012 and \$264,620 in fiscal 2013.

For further information contact:

Office of Cemetery Oversight  
Advisory Council on Cemetery Operations  
500 North Calvert Street  
Baltimore, Maryland 21202-3651  
410-230-6229  
Website: <http://www.dllr.maryland.gov/license/cem/>

## **Electricians**

The State Board of Master Electricians regulates and licenses master electricians. Providing electrical services means providing a service in the electrical trade, including installing, repairing, or altering any electrical wiring, fixture, appliance, apparatus, raceway, or conduit that generates, transmits, transforms, or uses electrical energy in any form for light, heat, power, or communication.

To qualify for the master electrician license, an applicant must meet experience requirements and pass an examination. For many counties, the master electrician license is a prerequisite for obtaining a local license. An individual is not required to maintain a State license if the individual qualifies for and holds a current local license in the jurisdiction in which the individual is providing electrical services. Most counties and three municipal corporations in the State have local licensing regulations for master

electricians. In those jurisdictions, the State master electrician license is a passport rather than a performance license as it does not grant a licensee the right to provide electrical services in the jurisdiction.

The holder of an out-of-state master electrician license may secure the necessary county master electrician license without meeting the examination requirement through an established system of reciprocal licensing. Since the State license is a passport license (a mechanism by which a local license may be obtained), complaints against an electrician are handled in the local jurisdictions where the complaint originates. However, all complaints are reported to the board. In addition, the holder of a State license may use the State license to obtain a local license and assign the local license to another person who engages in the business of providing electrical services. The names of both the license holder and assignee must appear on the State license.

The board charges \$20 for an original master electrician license and \$25 for a biennial renewal. The board charges \$20 for a master inactive license and \$50 for a biennial renewal. The board charges \$20 for an assigned active license and \$25 for a biennial renewal. There were 5,224 licensed master electricians in the State in fiscal 2013. The board collected \$115,319 in licensing and related fees in fiscal 2012 and \$117,769 in fiscal 2013.

For further information contact:

State Board of Master Electricians  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202-3651  
410-230-6270  
Website: <http://www.dllr.maryland.gov/license/elec/>

## **Elevator Contractors and Elevator Mechanics**

The Elevator Safety Review Board regulates and licenses elevator contractors, mechanics, and renovators, and accessibility lift mechanics and recommends standards relating to the safe operation, maintenance, servicing, construction, alteration, installation, and inspection of elevators, dumbwaiters, escalators, and moving walks.

An elevator contractor engages in the business of erecting, constructing, wiring, altering, replacing, maintaining, repairing, dismantling, or servicing elevators, dumbwaiters, escalators, and moving walks. An elevator mechanic erects, constructs,

wires, alters, replaces, maintains, repairs, dismantles, or services elevators, dumbwaiters, escalators, and moving walks. An elevator renovator contractor engages in the business of performing work, and an elevator renovator mechanic performs work, on the interior of an elevator involving the removal or installation of the nonstructural surface of the elevator's wall, ceiling, floor, rail, or handle that does not affect the elevator's moving operation. An accessibility lift mechanic erects, constructs, wires, alters, replaces, maintains, repairs, dismantles, or services commercial stairway lifts, vertical platform lifts, or incline plane lifts.

To qualify for an elevator contractor license, an applicant must have at least five years of work experience in the elevator industry in construction, maintenance, service, or repair. To qualify for an elevator mechanic license, an applicant must have a combination of education and experience in the elevator industry and either pass the examination or have a certificate of completion of the mechanic examination of a nationally recognized training program for the elevator industry. Successful completion of an approved apprenticeship training program will satisfy the education, experience, and examination requirements. To qualify for an elevator renovator contractor or mechanic license, an applicant shall demonstrate an acceptable combination of relevant work experience and education and pass an examination.

As a special fund board, the board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board; these funds are deposited in the Elevator Safety Review Board Fund. The board charges \$275 for an initial elevator contractor or renovator contractor license and \$300 for a biennial renewal. The board charges \$175 for an initial elevator mechanic or renovator mechanic license and \$200 for a biennial renewal. The initial license fee for an accessibility lift mechanic is \$125 and the biennial renewal fee is \$150. Applicants must also pay a \$25 application fee. For \$25, the board may issue a temporary 30-day elevator mechanic license. The temporary license may be renewed for another 30 days for \$10. In fiscal 2013, the board issued 746 licenses. The board collected \$117,969 in licensing and related fees in fiscal 2012 and \$126,252 in fiscal 2013.

For further information contact:

Elevator Safety Review Board  
500 North Calvert Street, 3rd Floor  
Baltimore, Maryland 21202-3651  
410-230-6379  
Website: <http://www.dllr.maryland.gov/license/elev/>

## **Foresters**

The State Board of Foresters regulates and licenses foresters. Practicing forestry means consulting, investigating, evaluating, planning, and supervising forestry activities. Forestry activities include the application of scientific techniques to the planning, conservation, protection, and management of trees and related resources for their continuing use whether found in large numbers in forests, woodlands, and woodlots, or in small groupings and as individual trees in suburban or urban settings. To qualify for a license, an applicant must meet experience and education criteria. The board may enter into reciprocal agreements with boards in other states. To qualify for a renewal license, the licensee must complete certain continuing education courses.

The board charges \$55 for an original license and \$100 for a biennial renewal. There is an additional \$45 application fee. In fiscal 2013, the board issued licenses to 201 foresters. The board collected \$4,010 in licensing and related fees in fiscal 2012 and \$16,125 in fiscal 2013.

For further information contact:

State Board of Foresters  
500 North Calvert Street, Room 304  
Baltimore, Maryland 21202-3651  
410-230-6271  
Website: <http://www.dllr.maryland.gov/license/for/>

## **Heating, Ventilation, Air-conditioning, and Refrigeration Contractors**

The State Board of Heating, Ventilation, Air-conditioning, and Refrigeration Contractors regulates and licenses persons who provide heating, ventilation, air-conditioning, and refrigeration services. The board enforces a code that sets minimum standards for altering, remodeling, maintaining, and repairing heating, ventilation, air-conditioning, and refrigeration systems.

The board issues six types of licenses – master, master restricted, limited contractor, journeyman, journeyman restricted, and apprentice. A master license entitles the licensee to provide heating, ventilation, air-conditioning, or refrigeration services. A master restricted license entitles the licensee to provide services in one of the following areas: heating-forced air systems, heating-hydraulic systems, ventilation, air-conditioning, or

refrigeration. A limited contractor license allows the licensee to maintain or repair one or more of the following systems: heating, cooling, refrigeration, ventilation, or hydronic. A journeyman license entitles the licensee to perform heating, ventilation, air-conditioning, and refrigeration services while under the direction and control of a licensed contractor. A journeyman restricted license allows the licensee to provide those services for only one type of system. An individual entering the trade of heating, ventilation, air-conditioning, and refrigeration work must obtain an apprentice license.

To qualify for a master license or a master restricted license, an applicant must (1) have three years of experience under a licensed master or restricted master; (2) work a minimum of 1,875 hours in the year prior to application; and (3) pass an examination. To qualify for a limited contractor license, an applicant must (1) have two years of experience under a licensed master; (2) work a minimum of 1,000 hours in the year prior to application; and (3) pass an examination. A holder of a master, master restricted, or limited contractor license may not contract to provide services unless the work of the licensee, including completed operations, is covered by at least \$300,000 in general liability coverage and \$100,000 in property damage insurance coverage.

To qualify for a journeyman license or a journeyman restricted license, an applicant must (1) hold an apprentice license for at least three years; (2) complete at least 1,875 hours of training under the direction and control of a licensed contractor; and (3) pass an examination. An applicant may obtain a license without taking the examination if the applicant has successfully completed an apprenticeship program in heating, ventilation, air-conditioning, and refrigeration approved by the Apprenticeship and Training Council.

Many counties and municipalities in Maryland have license, permit, or inspection requirements that apply to heating, ventilation, air-conditioning, and refrigeration projects. The board is required to enter into a cooperative agreement with a county for the county to enforce the code adopted under the statute. Violations of local requirements are grounds for disciplinary action against a State licensee.

The board charges \$75 for an original master license and for a biennial renewal; \$25 to \$75 for an original master restricted license and for a biennial renewal; \$75 for an original limited contractor license and for a biennial renewal; \$20 for an original journeyman license, including a journeyman restricted license, and for a biennial renewal; and \$10 for an original apprentice license and for a biennial renewal. In fiscal 2013, the board issued 19,846 licenses. The board collected \$284,527 in licensing and related fees in fiscal 2012 and \$251,659 in fiscal 2013.

For further information contact:

State Board of Heating, Ventilation, Air-Conditioning and  
Refrigeration Contractors  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202-3651  
410-230-6270  
Website: <http://www.dllr.maryland.gov/license/hvacr/>

## **Home Improvement Contractors**

The Maryland Home Improvement Commission regulates and licenses home improvement contractors, subcontractors, and salespersons. The commission sets standards to foster a high degree of professionalism and workmanship and safeguard consumer rights of homeowners.

The commission regulates numerous categories of home improvement, including the addition to, alteration, conversion, improvement, modernization, remodeling, repair, or replacement of any building that is used as a residence or dwelling place for up to three family units. In 2008, the categories were expanded to include the regulation of mold remediation companies and firms. Home improvement services include the construction, improvement, or replacement, on land adjacent to the building, of a driveway, fall-out shelter, fence, garage, landscaping, porch, or swimming pool; connection, installation, or replacement, in the building or structure, of a dishwasher, disposal, or refrigerator with an icemaker to existing exposed household plumbing lines; installation, in the building or structure, of an awning, fire alarm, or storm window; and work done on individual condominium units. Home improvement services do not include work performed on apartment buildings that contain four or more single-family units or work performed on the commonly owned areas of condominiums.

To qualify for a contractor, subcontractor, or salesperson license, an applicant must pass an examination. An applicant for a contractor license must demonstrate financial solvency by providing a list of total assets and liabilities, a statement of net worth, and a credit report. Additionally, the applicant must have at least two years of relevant work experience or education or both and provide a certificate of general liability insurance in the amount of at least \$50,000.

Chapter 537 of 2008 required any company or firm that provides mold remediation services on residential property in Maryland to obtain a license from the commission to

provide mold remediation services. This law was scheduled to take effect on July 1, 2013. However, due to budget constraints, the Department of Labor, Licensing, and Regulation has postponed the implementation of the Maryland Mold Remediation Services Act indefinitely.

At the time of application for a contractor license, the applicant or licensed contractor must pay \$100 to the Home Improvement Guaranty Fund. Those renewing licenses must pay \$150 into the fund. The fund compensates homeowners for actual monetary losses due to poor workmanship or failure to perform a home improvement contract. Each licensed contractor is covered by the fund for up to \$100,000 for all claims. An individual homeowner may be awarded up to \$20,000 from the fund. Contractors may be required to contribute additional fees whenever the fund is in danger of falling below \$250,000. The commission investigates complaints by homeowners and determines whether a homeowner is entitled to an award from the fund.

The commission charges \$250 per place of business for an original contractor license and for a biennial renewal, \$150 for an original subcontractor license and for a biennial renewal, and \$100 for an original salesperson license and for a biennial renewal. There is a \$20 application fee. In fiscal 2013, there were 26,837 licensees. The commission collected \$1,942,843 in licensing and related fees in fiscal 2012 and \$2,397,201 in fiscal 2013.

For further information contact:

Maryland Home Improvement Commission  
500 North Calvert Street  
Baltimore, Maryland 21202-3651  
410-230-6309  
Website: <http://www.dllr.maryland.gov/license/mhic/>

### **Individual Income Tax Preparers**

The State Board of Individual Tax Preparers began operations in fiscal 2011. Individuals are required to register with the board before providing individual tax preparation services in the State. Providing individual tax preparation services means to prepare, advise, or assist in the preparation of, or assume final responsibility for another person's preparation of a federal or State income tax return of another for valuable consideration. To qualify, an individual must be at least age 18, be a high school graduate, and pass an examination equivalent to the Special Enrollment Examination prepared by the Internal Revenue Service.

A registered individual tax preparer must disclose certain information to a customer prior to rendering services, including the preparer's credentials and contact information. The preparer must sign a return that he or she prepares, obtain the customer's signature on a completed return, and maintain confidentiality.

As a special fund board, the board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board; these funds are deposited in the Individual Tax Preparers Fund. The initial registration fee and biennial renewal registration fee is \$125. The board registered 3,996 tax preparers in fiscal 2013 and collected \$333,400 in registration fees in fiscal 2012 and \$85,569 in fiscal 2013.

For further information contact:

State Board of Individual Tax Preparers  
500 N. Calvert Street, 3rd Floor  
Baltimore, Maryland 21202-3651  
410-230-6257  
Website: <http://www.dllr.maryland.gov/license/taxprep/>

## **Locksmiths**

Under the Maryland Locksmiths Act, businesses must be licensed by the Secretary of Labor, Licensing, and Regulation before the business and employees of the business provide locksmith services in the State. Providing locksmith services means repairing, rebuilding, rekeying, repinning, recombining, adjusting, or installing mechanical, electrical, or electromechanical locking devices, safes, vaults, or safe deposit boxes; or operating a mechanical, electrical, or electromechanical locking device or opening safes, vaults, or safe deposit boxes by a means other than that intended by the manufacturer of such locking devices.

To obtain a license, an applicant must be at least 18 years old. Applicants, and all prospective employees who are to perform locksmith services on behalf of a licensed locksmith, must also undergo a State and national criminal background check and pay all associated fees.

Licensed locksmiths must maintain general liability insurance in the amount of at least \$300,000, with appropriate coverage for the practice of the business. Licensed locksmiths must include the following information on each receipt or invoice: the location

where the services were provided; the type of lock serviced; a vehicle identification number, if applicable; and the estimated and actual costs of the service. Locksmiths are required to keep service records that include the aforementioned information at the fixed business address for three years from the date of the service call.

The initial and biennial renewal licensure fee is \$225. The department issued 75 licenses in fiscal 2013 and collected \$12,905 in licensing fees in fiscal 2013.

For further information contact:

Department of Labor, Licensing, and Regulation  
500 N. Calvert Street, 3rd Floor  
Baltimore, Maryland 21202-3651  
410-230-6250  
Website: <http://www.dllr.maryland.gov/license/locksmiths>

## **Pilots and Docking Masters**

The State Board of Pilots regulates and licenses pilots who pilot vessels on the navigable waters of the State to ensure the safety of the pilotage services. The board also regulates and licenses docking masters to ensure the safety of docking service. The board sets, by regulation, the training and experience requirements for a bay pilot to perform the tasks of a docking master and for a docking master to perform the tasks of a bay pilot.

Providing pilotage means piloting a vessel when the vessel is underway on the navigable waters of the State, including when the vessel is towing or being towed by another vessel. Pilotage also includes maneuvering a vessel during berthing or unberthing operations with tug assistance and shifting a vessel within a port, with tug assistance, which are operations normally undertaken by docking masters.

The board issues four types of licenses (unlimited, 40-foot draft limited, 36-foot draft limited, and 32-foot draft limited). There is no reciprocal licensing process. To qualify for a license, an applicant must possess the appropriate skill, experience, and training. The board determines requirements for pilots-in-training to enter the piloting profession and oversees the pilots-in-training program. To ensure the adequacy of the equipment needed by the pilots, the board administers a Maintenance and Replacement Fund that is funded by the Association of Maryland Pilots from the collection of pilotage fees and charges. The Public Service Commission sets pilotage charges.

The board charges original pilot licensing and biennial renewal fees ranging from \$200 to \$600. In fiscal 2013, the board issued 74 licenses. The board collected \$37,915 in licensing and related fees in fiscal 2012 and \$11,158 in fiscal 2013.

For further information contact:

State Board of Pilots  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6263  
Website: <http://www.dllr.maryland.gov/license/bp/>

## **Plumbers**

The State Board of Plumbing regulates and licenses plumbers. The board issues several types of licenses – master plumber, journey plumber, apprentice plumber, master natural gas fitter, journeyman natural gas fitter, apprentice natural gas fitter, and propane gas fitter certificate.

Providing plumbing services means installing, maintaining, extending, altering, or removing piping, a plumbing fixture, a plumbing appliance, a plumbing appurtenance, or other plumbing apparatus (1) within or adjacent to a building, structure, or property; and (2) in connection with a public or private disposal system, sanitary drainage facility, or storm drainage facility; a venting system; or public or private water supply system. Providing plumbing services includes installing, repairing, servicing, and replacing gas piping, gas utilization equipment, and associated accessories.

To qualify for a master plumber license, an applicant must (1) have held a journey license for at least two years; (2) complete 3,750 hours of training under the direction and control of a licensed master plumber; and (3) pass an examination. To qualify for a journey plumber license, an applicant must (1) have held an apprentice license for at least four years; (2) complete 7,500 hours of training under the control and direction of a licensed master plumber; (3) complete 32 hours of training in backflow prevention devices; and (4) pass an examination. An apprentice plumber is authorized to assist in providing plumbing services only under the direction and control of a master plumber.

Legislation enacted in 2009 exempts specified out-of-state plumbers and gas fitters from the State's licensing requirements if these individuals have relocated to the State

because of a family member's reassignment due to the Base Realignment and Closure process.

Providing natural gas services means installing, maintaining, extending, altering, and removing piping, gas-fired equipment, appliances, or appurtenances in connection with a natural gas supply system downstream of the gas utility point of delivery. To qualify for a master natural gas fitters license, an applicant must have a current master gas fitters license from a county or municipal corporation under an approved licensing program. An applicant for a master natural gas fitters license must fulfill training and experience requirements, pass an examination, and possess a Heating, Ventilation, Air-conditioning, and Refrigeration Contractor license. To qualify for a journeyman natural gas fitters license, an applicant must have acquired at least 3,750 hours as an apprentice natural gas fitter over a period of at least two years, complete an approved training course related to natural gas services, and pass an examination. An apprentice natural gas fitter is authorized to assist in providing natural gas services only under the direction and control of a licensed master natural gas fitter.

Providing propane gas services means installing, repairing, servicing, and replacing propane gas piping, propane gas utilization equipment, and associated accessories. To qualify for a propane gas fitters certification, an applicant must (1) hold a current certification of completion of the National Propane Gas Association training program for distribution systems operations; (2) hold a gas fitters license from a county or municipal corporation authorizing the person to provide gas services; or (3) demonstrate that the applicant's qualifications are at least equivalent to the qualifications required by the association.

The board charges \$70 for an original master (plumber or natural gas fitters) license and for a biennial renewal; \$35 for an original journey (journey plumber or journeyman natural gas fitters) license and for a biennial renewal; \$15 for an apprentice (plumber or natural gas fitters) license and for a biennial renewal; and \$35 for a propane gas fitters certification and for a biennial renewal. In fiscal 2013, the board licensed 13,235 plumbers. The board collected \$235,845 in licensing and related fees in fiscal 2012 and \$247,655 in fiscal 2013.

For further information contact:

State Board of Plumbing  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202-3651  
410-230-6270  
Website: <http://www.dllr.maryland.gov/license/pl/>

## **Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors**

The State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors regulates and licenses/certifies real estate appraisers, appraisal management companies, and home inspectors.

Providing real estate appraisal services means making an appraisal of real estate or preparing or signing an appraisal report in connection with a federally related transaction, as defined in the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The federal Act spurred State legislation regulating real estate appraisers and mandated that all mortgage lenders and financial institutions that offer “federally related” loan transactions secured by a lien on real property and over a specific dollar amount, must use a State licensed or certified appraiser. Minimum criteria for the licensing and certification of appraisers are subject to federal standards. Since the enactment of legislation regulating real estate appraisers, additional legislation has been enacted to regulate home inspectors and appraisal management companies.

Maryland’s statute regulating real estate appraisers is recognized at the federal level as a minimum mandatory law. This statute, unlike the laws in several surrounding states, only requires an appraiser to be licensed or certified if they are performing an appraisal on a “federally related” transaction. All other appraisals may be performed by unlicensed persons. The commission provides three categories of real estate appraiser license/certification – licensed, certified residential, and certified general. Varying amounts of education and work experience are required for each category. An applicant for a license must have completed at least 2,000 hours of appraisal work as a real estate appraiser trainee under the supervision of a licensed or certified appraiser. A supervising appraiser may not have been subject to disciplinary action within the preceding two years and must hold a certified residential or certified general appraisal license for at least two years.

Providing appraisal management services means to directly or indirectly, on behalf of a lender, financial institution, client or other entity (1) administer an appraisal panel; (2) recruit, retain, or select appraisers; (3) verify licensing or certification, negotiate fees and service level expectations and review qualifications of an appraisal panel; (4) contract with appraisers; (5) receive an order for an appraisal and deliver the order to an appraisal panel; (6) manage the process of an appraisal; (7) track the status of orders for appraisals; (8) conduct quality control of appraisals; and (9) provide completed appraisals to a client.

Owners of appraisal management services companies must register with the department and must be of good character and reputation, must submit to a background check and must pay a registration fee.

Providing home inspection services means providing a written evaluation of one or more of the components of an existing residential building, including the heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component. To qualify for a home inspector license, an applicant must complete at least 72 hours of a specified on-site training course, have a high school diploma, and maintain general liability insurance of at least \$150,000.

As a special fund commission, the commission must ensure that the fees of the commission are reasonable and cover the actual documented direct and indirect costs of operating the commission; these funds are deposited in the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors Fund.

The commission charges \$250 for an original real estate appraiser license and \$250 for a three-year renewal. The commission charges \$250 for a certified residential appraiser license and a certified general appraiser license and \$250 for a three-year renewal. Fees for appraiser licensure/certification include a \$120 Federal Registry Fee Fund allocation. The commission charges \$150 for an appraiser trainee license that may be renewed for one additional three-year term. For appraisal management companies, the commission charges a \$250 application review fee, a \$2,250 initial registration fee and a \$2,500 annual fee. For home inspector licenses, the commission is authorized to charge \$325 for an original license and for a two-year renewal. In fiscal 2013, the commission issued 2,647 appraiser (including trainee) licenses, 155 appraisal management company registrations, and 832 home inspector licenses. The commission generated \$338,250 in licensing and related fees in fiscal 2012 and \$465,000 in fiscal 2013.

For further information contact:

State Commission of Real Estate Appraisers and Home Inspectors  
500 North Calvert Street  
Baltimore, Maryland 21202-3651  
410-230-6165  
Website: <http://www.dllr.maryland.gov/license/reahi/>

## **Real Estate Brokers**

The State Real Estate Commission regulates and licenses real estate brokers, associate real estate brokers, and real estate salespersons.

Providing real estate brokerage services means selling, buying, exchanging, or leasing any real estate or collecting rent for the use of any real estate for another person; assisting another person to locate or obtain for purchase or lease any residential real estate; engaging regularly in a business of dealing in real estate or leases or options on real estate; engaging in a business to promote the sale of real estate through a listing in a real estate publication; or engaging in a business that subdivides land and sells the divided lots. Providing real estate brokerage services includes serving as a consultant regarding any of these activities.

To qualify for a real estate broker license, an applicant must (1) successfully complete a course approved by the commission that includes a three-clock hour course in real estate ethics and (2) have been a licensed real estate salesperson who actively provided real estate brokerage services for at least three years. To qualify for an associate real estate broker license, an applicant must complete the same education and experience requirements for a real estate broker license and obtain a commitment from a licensed real estate broker that the applicant will become affiliated with the licensed real estate broker. To qualify for a real estate salesperson license, an applicant must successfully complete (1) a basic course in real estate that does not require more than 60 hours of classroom instruction or instruction by any other delivery system and that includes a three-clock hour course in real estate ethics; or (2) with approval from the commission, courses in real estate subjects at any college, including a three-clock hour course in real estate ethics.

An applicant for each of the licenses must also pass an examination. All licensees must complete continuing education requirements for a license renewal including a course in ethics which addresses flipping and predatory lending. The commission investigates complaints through hearing panels that conduct hearings on charges and complaints referred by the commission or by other persons.

“Dual agency” is allowed in Maryland in the limited circumstance when a real estate broker represents both a seller and a buyer of residential real property listed by the real estate broker in accordance with specified conditions, including the written consent of all parties to the transaction. The statute provides standards for licensees when providing real estate brokerage services to clients under a brokerage agreement and to prospective buyers and lessees under presumed agency relationships. To allow brokerage firms to provide the full range of services to clients when representing both buyers and sellers, the law specifies

the roles of “intra-company agents” and “dual agents.” There is a presumption of buyer’s agency for a licensee who assists a prospective buyer in locating residential real property and who is neither affiliated with or acting as the listing broker for that property.

Real estate brokerage services may also be provided through teams of licensed associate real estate brokers and licensed real estate salespersons who work together on a regular basis to provide real estate brokerage services, represent themselves to the public as being part of one entity, and designate themselves by a collective name such as team or group. The team leader is responsible for the supervision of other team members; the team must adhere to all office rules, practices, and procedures established by the real estate broker and/or the branch office manager.

The commission administers the Real Estate Guaranty Fund that bonds all licensees. A \$20 guaranty fund payment is assessed on brokers, associate brokers, and salespersons at the time of original licensure. The amount recovered for any claim against the guaranty fund may not exceed \$50,000. As a special fund commission, the commission must ensure that the fees of the commission are reasonable and cover the actual documented direct and indirect costs of operating the commission; these funds are deposited in the State Real Estate Commission Fund.

The commission charges \$190 for an original license and a biennial renewal for a broker license; \$130 for an original license and a biennial renewal for an associate broker license; and \$90 for an original license and a biennial renewal for a salesperson license. In fiscal 2013, the commission issued 37,891 licenses. The commission generated \$2,726,907 in licensing and related fees in fiscal 2012 and \$2,677,798 in fiscal 2013.

For further information contact:

State Real Estate Commission  
500 North Calvert Street, 3<sup>rd</sup> Floor  
Baltimore, Maryland 21202-3651  
410-230-6230  
Website: <http://www.dllr.maryland.gov/license/mrec/>

### **Secondhand Precious Metal Object Dealers and Pawnbrokers**

The Secondhand Precious Metal Object Dealers and Pawnbrokers Licensing Unit regulates and licenses secondhand precious metal object dealers and regulates pawnbrokers in counties without local pawn laws.

A dealer is an individual who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects. A dealer is also an

individual who for compensation arranges for the sale or delivery of a secondhand precious metal object on behalf of a person who does not hold a dealer's license; therefore, this expanded definition of a dealer includes auctioneers of secondhand precious metal objects, those who operate at traditional auction sites, and those who arrange for the sale of objects on Internet auction sites. Further, a dealer includes a retail jeweler who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects.

A pawnbroker is an individual who engages in pawn transactions, including (1) loaning money on deposit or pledge of personal property or other valuable thing; or (2) purchasing personal property or other valuable things on condition of selling the same personal property back at a stipulated price.

The Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services must provide to the unit a criminal history record background check for each applicant. Many counties in the State have local ordinances and zoning laws that apply to secondhand precious metal object dealer locations and pawn shops. A pawnbroker is not required to obtain a State license if the pawnbroker is located in a county that regulates pawnbrokers.

The unit charges \$300 for an original license and \$265 for a biennial renewal. The applicant also pays \$42 for the cost of the criminal history record background check and \$5 for fingerprinting. In fiscal 2013, there were 651 licensed secondhand precious metal object dealers and pawnbrokers. The unit collected \$134,735 in revenue in fiscal 2012 and \$117,550 in fiscal 2013.

For further information contact:

Secondhand Precious Metal Objects Dealers and Pawnbrokers Licensing Unit  
500 North Calvert Street, Room 304  
Baltimore, Maryland 21202-3651  
410-230-6271  
Website: <http://www.dllr.maryland.gov/license/pm/>

## **Stationary Engineers**

The State Board of Stationary Engineers regulates and licenses individuals throughout the State who work with physical plant machinery of buildings. Formerly the Board of Examining Engineers in Baltimore City, the board was instituted in the interest

of safety and efficiency in the operation, use, and inspection of steam and power generators, heating plants, hosting machines, pressure vessels, and related equipment.

The board issues five classifications of stationary engineer licenses. A grade 1 engineer is licensed to take charge of any plant machinery in any building. A grade 2 engineer is licensed to take charge of plant machinery between 300 and 499 horsepower in any building. A grade 3 engineer is licensed to take charge of plant machinery between 100 and 299 horsepower in any building. A grade 4 engineer oversees plant machinery between 30 and 99 horsepower in any building regardless of use and a grade 5 engineer oversees plant machinery between 30 and 99 horsepower in a building not open for public use. To qualify for a license, an applicant must meet certain minimum experience requirements and pass a written examination.

Legislation enacted in 2009 exempted specified out-of-state stationary engineers from the State's licensing requirements if these individuals have relocated to the State because of a family member's reassignment due to the Base Realignment and Closure process.

The board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board; these funds are deposited in the general fund. The board charges \$65 for an original grade 1 license and for a biennial renewal; \$50 for an original grade 2 or grade 3 license and for a biennial renewal; and \$35 for an original grade 4 or grade 5 license and for a biennial renewal. In fiscal 2013, the board issued 5,810 licenses. The board collected \$213,850 in fiscal 2012 for licensing and related fees and \$165,500 in fiscal 2013.

For further information contact:

State Board of Stationary Engineers  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202-3651  
410-230-6270  
Website: <http://www.dllr.maryland.gov/license/stateng/>

## **Design Professional Licensing Boards**

Five boards under the Division of Occupational and Professional Licensing compose the design professional boards: the State Board of Architects, the State Board of Examiners of Landscape Architects, the State Board of Certified Interior Designers, the State Board for Professional Land Surveyors, and the State Board for Professional Engineers. The boards have fee-setting authority and all licensing proceeds are deposited

into the Occupational and Professional Licensing Design Boards' Fund which was established in 2003. The chairmen of all five design boards are required to hold a joint meeting to discuss issues of mutual importance and to publish a joint newsletter.

### **Architects and Landscape Architects**

The State Board of Architects regulates and licenses architects, and the State Board of Examiners of Landscape Architects regulates and licenses landscape architects.

Practicing architecture means providing any service or creative work with regard to an addition to, alteration of, or construction of a building or an integral part of a building that requires education, training, and experience in architecture. The practice of architecture includes architectural design and preparation of related documents; consultation; design coordination; evaluation; investigation; and planning. To qualify for a license, an applicant must pass an examination and meet educational and experience criteria. If an applicant has practical work experience and training that the board considers appropriate, the applicant is exempt from meeting the educational criteria. Nonresident architects who wish to practice architecture in the State must apply for a license by reciprocity. A licensed architect seeking renewal or reinstatement of a license must complete 24 hours of continuing education credits over two years.

Practicing landscape architecture means providing any service or creative work in the analysis or design of land and natural resources that requires training and experience in the application of the biological, physical, mathematical, and social sciences and performing design coordination of a project or portion of a project. The practice of landscape architecture includes consultation, research, analysis, assessment, selection, and allocation of land and natural resources; development of criteria to govern the planning and design of land development and construction programs; and in conjunction with site plan preparation, the performance of determining a grade and drainage and preparing and designing stormwater drainage systems. To qualify for a license, an applicant must pass an examination and meet educational and experience criteria. Nonresident landscape architects who wish to practice in the State must apply for a license by reciprocity.

A business must obtain a permit from the appropriate board if the business wishes to (1) operate a business through which a licensed architect practices architecture or a licensed landscape architect practices landscape architecture; and (2) represent to the public that the business provides services of a licensed architect or licensed landscape architect. The permit authorizes the holder to provide a service that constitutes practicing architecture or landscape architecture only if an individual who is licensed or otherwise authorized to practice architecture performs the service or landscape architecture. A business may

provide landscape architectural services for itself or for an affiliated corporation without a permit.

As special fund boards, both boards must each ensure that the fees of their board are reasonable and cover the actual documented direct and indirect costs of operating their respective board. Both boards charge \$76 for an original license and for biennial renewal of a license and \$100 for an original permit and for renewal of a permit for business entities. Both boards also charge \$50 for a reciprocal license and a \$35 application fee. The Board of Examiners of Landscape Architects charges fees for the landscape architect exams which range from \$325 to \$500. In fiscal 2013, the division licensed 6,549 architects and 1,039 landscape architects. The Board of Architects collected \$228,939 in licensing and related fees in fiscal 2012 and \$313,271 in fiscal 2013. The Board of Examiners of Landscape Architects collected \$72,417 in licensing and related fees in fiscal 2012 and \$44,306 in fiscal 2013.

For further information contact:

State Board of Architects  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6261  
Website: <http://www.dllr.maryland.gov/license/arch/>

State Board of Examiners of Landscape Architects  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6256  
Website: <http://www.dllr.maryland.gov/license/la/>

### **Certified Interior Designers**

The State Board of Certified Interior Designers certifies interior designers who use the title “certified interior designer” or the term “certified interior design services” on any card, device, sign, stationery, or other means of identification or communication.

Interior design services include the planning and design of interior spaces not materially related to or materially affecting building systems. To qualify for certification, an applicant must pass an examination prepared by the National Council for Interior Design Qualification and meet education and experience criteria. Out-of-state applicants may also qualify through reciprocity. To qualify for renewal of a certificate, the certification holder must meet continuing education requirements.

As a special fund board, the board must ensure that the fee of the board is reasonable and covers the actual documented direct and indirect costs of operating the board. The board charges \$76 for a certification and for each biennial renewal. There is also an application fee of \$50 for a reciprocal certificate and \$35 for an original certificate. In fiscal 2013, there were 329 certified interior designers. The board collected \$15,178 in licensing and related fees in fiscal 2012 and \$15,105 in fiscal 2013.

For further information contact:

State Board of Certified Interior Designers  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6259  
Website: <http://www.dllr.maryland.gov/license/cid/>

### **Professional Engineers**

The State Board for Professional Engineers regulates and licenses professional engineers. Professional engineers practice engineering, which means providing any service or creative work the performance of which requires education, training, and experience in the application of special knowledge of the mathematical, physical, and engineering sciences and the principles and methods of engineering analysis and design.

To qualify for a license, an applicant must meet experience and educational criteria and pass an examination in the fundamentals of engineering and an examination in the principles and practice of engineering. The applicant must take the principles and practice examination in the discipline in which the applicant's education and experience were gained. The disciplines are agricultural, architectural, chemical, civil, electrical, control systems, electrical and computer, environmental, fire protection, industrial, mechanical, metallurgical, mining/mineral, naval architecture/marine engineering, nuclear, petroleum, and structural.

To qualify for a renewal license, a licensee must demonstrate continuing professional competency. Professional engineers who have significant experience in the field but choose not to fulfill the continuing professional competency requirements may be issued a retired status license but may not engage in the practice of professional engineering.

A license by reciprocity to practice engineering in the State is available to an individual who is currently licensed to practice engineering in another state or territory of the United States or in a foreign country.

As a special fund board, the board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board. The board charges \$76 for an original license and for a biennial renewal. The board charges \$50 for a license by reciprocity. Examination costs are \$225 and \$300 depending on the type of exam. In fiscal 2013, there were 23,153 licensed engineers in the State. The board collected \$808,666 in licensing and related fees in fiscal 2012 and \$775,868 in fiscal 2013.

For further information contact:  
State Board for Professional Engineers  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6260  
Website: <http://www.dllr.maryland.gov/license/pe/>

### **Professional Land Surveyors**

The State Board for Professional Land Surveyors regulates the practice of land surveying and property line surveying by licensing professional land surveyors and property line surveyors and issuing permits to entities that operate a business through which land surveying or property line surveying is practiced.

Practicing land surveying means establishing land boundaries, surveying and platting land, and determining topography and contours. Property line surveying means practicing land surveying except for the performance of land surveying services that involve road and street grades, sediment and erosion control measures, and storm drainage and stormwater management systems. To qualify for a land surveyor license or a property line surveyor license, an applicant must pass an examination and meet educational and experience criteria. To qualify for a renewal license, licensees must fulfill the continuing professional competency requirements.

As a special fund board, the board must ensure that the fees of the board are reasonable and cover the actual documented direct and indirect costs of operating the board. The board charges \$76 for an original land surveying license and for each biennial renewal. The board charges \$100 for an original corporate land surveying permit and for each biennial renewal. Examination fees range from \$35 to \$225. In fiscal 2013, the board licensed 1,060 land surveyors. The board collected \$46,161 in licensing and related fees in fiscal 2012 and \$42,791 in fiscal 2013.

For further information contact:

State Board for Professional Land Surveyors  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202-3651  
410-230-6256  
Website: <http://www.dllr.maryland.gov/license/lis/>

## **Department of State Police**

In addition to enforcing public safety laws, the Department of State Police regulates private detective agencies and private detectives, security guard agencies and security guards, and security system agencies and technicians.

### **Private Detective Agencies, Private Detectives, Security Guard Agencies, and Security Guards**

The department regulates and licenses private detective agencies. A person must be licensed by the Secretary of State Police as a private detective agency before the individual or business entity may provide private detective services in the State. In addition, an individual must be certified by the Secretary as a private detective before the individual may personally provide any private detective services. A private detective agency license is not required for those who (1) exclusively investigate and report on the financial standing or creditworthiness of a person; (2) exclusively investigate and make reports for insurance or credit (unless the report requires a certain level of surveillance); (3) monitor electronically controlled burglar or fire alarm systems; or (4) conduct marketing surveys. To qualify for a private detective agency license, an applicant must undergo a State and federal criminal background check, submit a complete set of fingerprints for each employee who will provide private detective services, and submit three written recommendations per employee. Further, an applicant must obtain \$1 million of liability insurance.

The department also regulates and licenses security guard agencies that are hired to protect individuals or property. In addition, the department certifies individual security guards who are employed by security guard agencies. License and certification applicants must undergo a criminal history records check and submit a complete set of fingerprints. Any firm that intends to employ at least five people as security guards must obtain \$1 million general liability insurance. Failure to maintain insurance is grounds for automatic suspension of a security guard agency's license.

For an original private detective agency license or an original security guard agency license, the department charges \$200 if the agency is unincorporated and \$375 if the agency is incorporated. For a three-year renewal, the department charges \$200 for unincorporated security guard agencies and \$400 for incorporated security guard agencies. For a two-year renewal for private detective agencies, the department charges \$200 for unincorporated agencies and \$400 for incorporated agencies. The department charges \$15 if the applicant is an individual private detective or individual security guard (certification); a two-year renewal of the certification costs \$10. Applicants also pay the cost of a criminal background and fingerprint check from the Criminal Justice Information System (CJIS' cost is \$18 and the FBI's cost is \$16.50); at renewal, applicants pay only for an FBI check. The department allows applicants to use Live Scan Technology in lieu of the fingerprint cards. Fingerprints obtained through Live Scan Technology are paid for at the Live Scan site and do not require a payment to the department.

The department collected approximately \$308,000 in new and renewal licensing/certification and related fees from 240 private detective agencies, 624 private detectives, 176 security guard agencies, and 8,849 security guards in calendar 2013. As of December 31, 2013, the total number of licenses and certifications included 364 private detective agency licensees, 1,195 private detective certifications, 283 security guard agency licensees, 21,346 security guard certifications, and 346 joint private detective and security guard agency licensees.

For further information contact:

Department of State Police  
1201 Reisterstown Road  
Pikesville, Maryland 21208  
410-653-4200  
800-525-5555

Website: <https://www.mdsp.org/Organization/SupportServicesBureau/LicensingDivision/MainLicensingPage/LicensingandRegistration.aspx>

### **Security Systems Agencies and Technicians**

The department regulates and licenses security systems agencies and registers security systems technicians who personally provide security systems services. Security systems services involve physically installing, maintaining, or repairing a security system on the premises of a person's residential or commercial property or responding to an alarm sounding from a security system.

To qualify for a security systems agency license, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints. Further, an applicant must (1) obtain \$50,000 general liability insurance and (2) provide copies of certifications of any specialized related training. To qualify for a security systems technician's registration, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints.

The department charges \$112.75 for an original agency license if Live Scan electronic fingerprinting is used, and \$150 if fingerprint cards are submitted. The department charges \$15 to register each technician. The department charges \$100 to renew an agency license for a three-year period, and \$15 to renew a technician registration for a three-year period. If fingerprint cards are used, the cost of the criminal history records check for an initial application is \$34.50 (CJIS's cost is \$18 and the FBI's cost is \$16.50); at renewal, applicants pay only for an FBI check. The department collected approximately \$84,000 in licensing and related fees from 273 security systems agencies and 2,663 security systems technicians in calendar 2013.

For further information contact:

Department of State Police  
1201 Reisterstown Road  
Pikesville, Maryland 21208  
410-653-4200  
800-525-5555

Website: <https://www.mdsp.org/Organization/SupportServicesBureau/LicensingDivision/MainLicensingPage/LicensingandRegistration.aspx>

## **Office of the Attorney General, Court of Appeals, and Department of Public Safety and Correctional Services**

In addition to enforcing the consumer protection laws, the Consumer Protection Division of the Office of the Attorney General has a unit that regulates home builders and home builder sales representatives. Moreover, the Court of Appeals regulates lawyers, and the Department of Public Safety and Correctional Services regulates private home detention monitoring agencies.

## **Home Builders**

The Home Builder Registration Unit, established in January 2001 in the Consumer Protection Division of the Office of the Attorney General, regulates and registers home builders and home builder sales representatives. A home builder is a person that builds new homes or that enters into contracts to sell new homes. Registration is required for each legal entity that operates as a home builder. If a home builder conducts its building business under a separate legal entity from its selling business, a registration is required for each legal entity. A home builder sales representative is an individual employed by a home builder to act as the builder's representative with consumers.

An entity that builds new homes solely in Montgomery County is exempt from the State registration requirement; however, a sales representative employed by a home builder operating solely in Montgomery County is required to register with the unit. Others exempt from the home builder registration requirements include (1) employees not acting as home builder sales representatives; (2) subcontractors and vendors of registrants; (3) manufacturers of industrialized buildings intended for residential use or of mobile homes, if the manufacturers do not install the buildings or homes; (4) real estate developers that do not construct homes; and (5) financial institutions lending money for home purchases. The building and permits department of a county may not issue a building permit to an unregistered home builder.

The unit maintains a list of all registrants, develops and provides registrants and consumers with a consumer information pamphlet on the rights and remedies a consumer has in the purchase of a new home, and maintains information on the resolution of consumer complaints involving new home builders and home builder sales representatives.

For home builders, the unit charges an initial two-year registration fee of \$600. Following the initial registration period, the unit charges \$300 for biennial renewal for a home builder that builds 10 or fewer homes in the calendar year preceding the renewal date and \$600 for a biennial renewal for a home builder that builds 11 or more new homes in the calendar year preceding the renewal date. Home builder sales representatives must pay an initial registration fee of \$200 and a biennial renewal fee of \$200.

The unit is special funded by registration and related fees. Unspent fees remain in the Home Builder Registration Fund and may not revert or be transferred to the State's general fund. As of June 30, 2013, there were 2,347 registered home builders. During fiscal 2013, the unit collected fees from 168 new builders and 1,401 builders that renewed their registration; the unit also collected fees from the registration and renewal of home builder sales representatives. As of June 30, 2013, there were 520 registered sales

representatives who worked for 189 builders. The balance of the special fund income on June 20, 2013, amounted to \$622,391.

The division also maintains the Home Builder Guaranty Fund to compensate consumers who suffer an actual loss based upon the failure of a registered home builder to complete or correct defects in a new home. To be eligible for compensation, a consumer must have entered into a contract for a new home after January 1, 2009. As of June 30, 2013, the guaranty fund contained \$1,400,882.

For further information contact:  
Maryland Home Builder Registration Unit  
Consumer Protection Division  
Office of the Attorney General  
200 St. Paul Place, 16th Floor  
Baltimore, Maryland 21202  
410-576-6573  
Website: <http://www.oag.state.md.us/Homebuilder/>

## **Lawyers**

Established in 1898, the State Board of Law Examiners regulates admissions to the Bar in Maryland, subject to the ultimate authority of the Court of Appeals for regulating the practice of law and the conduct and admission of attorneys. Approximately 38,200 lawyers practice in Maryland, as of May 2014.

To practice law in Maryland, an individual must have a law degree, complete a legal professionalism course, and pass the Maryland bar examination, which is administered twice a year by the board. The two-day exam consists of essays and multiple-choice questions on specific areas of law, such as constitutional law, contracts, criminal law and procedure, and torts. In lieu of the general exam, out-of-state attorneys who meet specified professional experience requirements may take a three-hour written exam on Maryland practice and procedure. All applicants must also undergo a detailed character investigation by one of seven character committees (whose members are appointed by the Court of Appeals) or by the National Conference of Bar Examiners if the applicant is an out-of-state attorney.

The board charges the following fees for bar admission:

- application fees: \$225 for timely filing or \$275 for late filing; examination fee: \$250;
- out-of-state attorney registration fees: \$700 plus \$375 for character investigation; and
- retake fees: \$250 (both exams).

All revenues collected by the board are deposited into the general fund through the Administrative Office of the Courts. The board collected \$1,289,980 in fees in fiscal 2012 and \$1,197,264 in fiscal 2013.

The Court of Appeals also operates the Client Protection Fund of the Bar of Maryland, which is used to reimburse losses caused by lawyer theft of client or fiduciary funds. Lawyers admitted to the Maryland Bar must pay an annual \$20 fee to the fund. Along with this fee, lawyers must pay an annual \$105 fee to the fund for use by the Attorney Grievance Commission and another annual \$5 fee for the Maryland Professionalism Center.

A person who practices law without admission to the bar or misrepresents the authority to practice is guilty of a misdemeanor and upon conviction faces maximum penalties of a \$5,000 fine or imprisonment of one year, or both. Anyone who violates laws governing trust accounts is guilty of a misdemeanor and subject to maximum penalties of a \$5,000 fine, or five years imprisonment, or both.

For further information contact:

Maryland Board of Law Examiners  
2011-F Commerce Park Drive  
Annapolis, Maryland 21401  
410-260-3460  
Website: <http://www.courts.state.md.us/ble/index.html>

### **Private Home Detention Monitoring Agencies**

The Maryland Commission on Correctional Standards of the Department of Public Safety and Correctional Services regulates and licenses private home detention monitoring agencies. These agencies monitor individuals who are placed in home detention, generally in lieu of incarceration, pursuant to a court order. Detainees are monitored 24 hours a day and 7 days a week using electronic equipment or other monitoring methods.

To qualify for a license to operate an agency that provides monitoring services for a fee, an applicant must submit a written policy and procedures manual approved by the commission, undergo a State and federal criminal history records check, submit a complete set of fingerprints, obtain a \$2,500 bond, and submit proof of general liability insurance in the amount of not less than \$100,000. Further, the applicant must submit three statements of good character and reputation and a statement that training on monitoring equipment was obtained. Each individual the agency intends to employ as a home detention monitor must also undergo a State and national criminal history records check.

To qualify for renewal, an agency must demonstrate compliance with employer tax obligations and other requirements. The commission also enforces regulations pertaining to monitoring equipment and training of licensees. The commission ensures that there are enough monitors on duty and one on call and available 24 hours a day, 7 days a week.

The commission charges \$500 for an original agency license and \$100 for a biennial renewal. Applicants also pay the cost of a criminal history records check. The commission collected \$700 in licensing and related fees in fiscal 2012, and \$1,780 in fiscal 2013 during which there were eight licensed agencies in the State.

For further information contact:

Maryland Commission on Correctional Standards  
115 Sudbrook Lane, Suite 200  
Pikesville, Maryland 21208  
(410) 585-3830  
Email: [mccs@dpscs.state.md.us](mailto:mccs@dpscs.state.md.us)  
Website: <http://www.dpscs.state.md.us/>



## Appendix 1

### Local Permit, Business License, and Assessment Information

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	<b><u>Local Permit Information</u></b>	<b><u>Local Business Licenses (Clerks of the Circuit Court)</u></b>	<b><u>Local Assessments and Taxation Offices</u></b>
Allegany County	301-777-5951	301-777-5922	301-777-2108
Anne Arundel County	410-222-7700	410-222-1434	410-974-5709
Baltimore City	410-396-3360	410-333-3790	410-767-8250
Baltimore County	410-887-3353	410-887-2607	410-512-4900
Calvert County	410-535-1600, ext. 2552	410-535-1600	443-550-6840
Caroline County	410-479-8100	410-479-1811	410-819-4450
Carroll County	410-386-2674	410-386-2022	410-857-0600
Cecil County	410-996-5235	410-996-5380	410-996-2760
Charles County	301-645-0692	301-932-3308	301-932-2440
Dorchester County	410-228-9636	410-228-0480	410-228-3380
Frederick County	301-600-2313	301-600-1962	301-815-5350
Garrett County	301-334-7470	301-334-1937	301-334-1950
Harford County	410-638-3344	410-638-3248	410-836-4800
Howard County	410-313-2455	410-313-5850	410-480-7940
Kent County	410-778-7475	410-778-7460	410-778-1410
Montgomery County	240-777-0311	240-777-9460	240-314-4510

	<b><u>Local Permit Information</u></b>	<b><u>Local Business Licenses (Clerks of the Circuit Court)</u></b>	<b><u>Local Assessments and Taxation Offices</u></b>
Prince George's County	301-883-5776	301-952-3330	301-952-2500
Queen Anne's County	410-758-4088	410-758-1773	410-819-4160
St. Mary's County	301-475-4200, ext. 1560	301-475-7844	301-880-2900
Somerset County	410-651-1424	410-845-4840	410-651-0868
Talbot County	410-770-6840	410-822-2611	410-819-5920
Washington County	240-313-2460	301-733-8660	301-791-3050
Wicomico County	410-548-4810	410-543-6551	410-713-3560
Worcester County	410-632-1200	410-632-5500	410-632-1196

Source: State Department of Assessments and Taxation, Office of the Comptroller of Maryland, and  
County Websites

## Appendix 2. Department of Natural Resources Service Centers

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### Southern Region

Annapolis Service Center  
P.O. Box 1869  
1804 West Street, Suite 300  
Annapolis, Maryland 21401  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 410-260-3220  
Toll Free in Maryland: 866-344-8889  
Email: amanda.wilson@maryland.gov

Prince Frederick Service Center  
6904 Hallowing Lane  
Prince Frederick, Maryland 20678  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 410-535-3382 or 301-855-1748  
Toll Free in Maryland: 866-688-3823  
Email: sharon.stowers@maryland.gov

### Central Region

Bel Air Service Center  
2 South Bond Street, Suite 101  
Bel Air, Maryland 21014  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 410-836-4550  
Toll Free in Maryland: 866-623-3187  
Email: margie.maccubbin@maryland.gov

Dundalk Service Center  
7701 Wise Avenue  
Baltimore, Maryland 21222  
Hours of Operation: MWF 8:30am - 4:30pm  
Tel: 410-284-1654  
Toll Free in Maryland: 866-535-8319  
Email: pmarlene.thrower@maryland.gov

### Eastern Region

Eastern Service Center  
201 Baptist Street #22  
Salisbury, Maryland 21801  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 410-713-3840  
Toll Free in Maryland: 866-812-1678  
Email: marsha.waller@maryland.gov

East Central Service Center  
120 Broadway Avenue #5  
Centreville, Maryland 21617  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 410-819-4100  
Toll Free in Maryland: 866-439-1708  
Email: marie.myers@maryland.gov

### Western Region

Rocky Gap Service Center  
12500 Pleasant Valley Road  
Flintstone, Maryland 21530  
Hours of Operation: M-F 8:30am - 4:30pm  
Tel: 301-777-2134  
Toll Free in Maryland: 866-679-0906  
Email: meghan.cadden@maryland.gov  
Source: Department of Natural Resources



## Appendix 3. Local Health Departments

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### **Allegany County**

12501 Willowbrook Road, SE  
P.O. Box 1745  
Cumberland, Maryland 21501  
Phone: 301-759-5000  
Fax: 301-777-5674  
[www.alleganyhealthdept.com](http://www.alleganyhealthdept.com)

### **Anne Arundel County**

Health Services Building  
3 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
Phone: 410-222-7375  
Fax: 410-222-4436  
[www.aahealth.org/index.php](http://www.aahealth.org/index.php)

### **Baltimore City**

1001 E. Fayette Street  
Baltimore, Maryland 21202  
Phone: 410-396-4398  
Fax: 410-396-1617  
[www.baltimorehealth.org](http://www.baltimorehealth.org)

### **Baltimore County**

Drumcastle Government Center  
6401 York Road, 3rd Floor  
Baltimore, Maryland 21212  
Phone: 410-887-2702  
Fax: 410-377-9646  
[www.baltimorecountymd.gov/agencies/health/](http://www.baltimorecountymd.gov/agencies/health/)

### **Calvert County**

975 Solomons Island Road, North  
P.O. Box 980  
Prince Frederick, Maryland 20678  
Phone: 410-535-5400  
Fax: 410-535-5285  
[www.calverthealth.org](http://www.calverthealth.org)

### **Caroline (and Kent) County**

403 South 7th Street  
Denton, Maryland 21629  
Phone: 410-479-8030  
Fax: 410-479-0554  
[www.carolinehd.org](http://www.carolinehd.org)

### **Carroll County**

290 South Center Street  
P.O. Box 845  
Westminster, Maryland 21157  
Phone: 410-876-4972  
Fax: 410-876-4988  
[www.carrollhealthdepartment.dhmd.gov](http://www.carrollhealthdepartment.dhmd.gov)

### **Cecil County**

John M. Byers Health Center  
401 Bow Street  
Elkton, Maryland 21921  
Phone: 410-996-5550  
Fax: 410-996-5179  
[www.cecilcountyhealth.org](http://www.cecilcountyhealth.org)

**Charles County**

4545 Crain Highway  
P.O. Box 1050  
White Plains, Maryland 20695  
Phone: 301-609-6900  
Fax: 301-934-0848  
[www.charlescountyhealth.org](http://www.charlescountyhealth.org)

**Dorchester County**

3 Cedar Street  
Cambridge, Maryland 21613  
Phone: 410-228-3223  
Fax: 410-901-8194  
[www.dorchesterhealth.org](http://www.dorchesterhealth.org)

**Frederick County**

350 Montevue Lane  
Frederick, Maryland 21702  
Phone: 301-600-3104  
Fax: 301-631-3111  
[www.frederickcountymd.gov/health](http://www.frederickcountymd.gov/health)

**Garrett County**

1025 Memorial Drive  
Oakland, Maryland 21550  
Phone: 301-334-7777  
Fax: 301-334-7701  
[www.garretthealth.org](http://www.garretthealth.org)

**Harford County**

120 S. Hays Street  
P.O. Box 797  
Bel Air, Maryland 21014  
Phone: 410-877-1010  
Fax: 410-420-3446  
[www.harfordcountyhealth.com](http://www.harfordcountyhealth.com)

**Howard County**

7178 Columbia Gateway Drive  
Columbia, Maryland 21046  
Phone: 410-313-6363  
Fax: 410-313-6303  
[www.howardcountymd.gov/health.htm](http://www.howardcountymd.gov/health.htm)

**Kent (and Caroline) County**

403 S. 7<sup>th</sup> Street  
P.O. Box 10  
Denton, Maryland 21629  
Phone: 410-479-8030  
Fax: 410-479-0554  
[www.carolinehd.org](http://www.carolinehd.org)

**Montgomery County**

401 Hungerford Drive, 5<sup>th</sup> Floor  
Rockville, Maryland 20850  
Phone: 240-777-1741  
Fax: 240-777-1494  
[www.montgomerycountymd.gov/hhs/](http://www.montgomerycountymd.gov/hhs/)

**Prince George's County**

1701 McCormick Drive, Suite 200  
Largo, Maryland 20774  
Phone: 301-883-7834  
Fax: 301-883-7896  
[www.princegeorgescountymd.gov/health/](http://www.princegeorgescountymd.gov/health/)

**Queen Anne's County**

206 North Commerce Street  
Centreville, Maryland 21617  
Phone: 410-758-2281, ext. 349  
Fax: 410-758-6602  
[www.qahealth.org](http://www.qahealth.org)

**St. Mary's County**  
21580 Peabody Street  
P.O. Box 316  
Leonardtown, Maryland 20650  
Phone: 301-475-4330  
Fax: 301-475-4350  
[www.smchd.org](http://www.smchd.org)

**Somerset County**  
7920 Crisfield Highway  
Westover, Maryland 21871  
Phone: 443-523-1782  
Fax: 410-651-3189  
[www.somersethd.org](http://www.somersethd.org)

**Talbot County**  
100 South Hanson Street  
Easton, Maryland 21601  
Phone: 410-819-5606  
Fax: 410-819-4703  
[www.talbothealth.org](http://www.talbothealth.org)

**Washington County**  
1302 Pennsylvania Avenue  
Hagerstown, Maryland 21742  
Phone: 240-313-3260  
Fax: 240-313-3303  
[www.washhealth.org](http://www.washhealth.org)

**Wicomico County**  
108 East Main Street  
Salisbury, Maryland 21801  
Phone: 410-543-6976  
Fax: 410-543-6975  
[www.wicomicohealth.org](http://www.wicomicohealth.org)

**Worcester County**  
6040 Public Landing Road  
P.O. Box 249  
Snow Hill, Maryland 21863-0249  
Phone: 410-632-1100, ext. 1209  
Fax: 410-632-1119  
[www.worcesterhealth.org](http://www.worcesterhealth.org)

Source: Maryland Association of Counties



## **Appendix 4. Retail License Issuing Authorities, Liquor Control Boards, and Departments of Liquor Control**

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### **Retail License Issuing Authorities**

#### **Allegany County**

Board of License Commissioners  
701 Kelly Road, Room 202  
Cumberland, Maryland 21502  
Phone: 301-724-6485  
Fax: 301-777-2001

#### **Annapolis (City of)**

Alcoholic Beverage Control Board  
Municipal Building, Room 102  
160 Duke of Gloucester Street  
Annapolis, Maryland 21401  
Phone: 410-263-7942  
Fax: 410-280-1853

#### **Anne Arundel County**

Board of License Commissioners  
2660 Riva Road, Third Floor  
Annapolis, Maryland 21401  
Phone: 410-222-1148  
Fax: 410-222-1810

#### **Baltimore (City of)**

Board of Liquor License Commissioners  
231 East Baltimore Street, 6<sup>th</sup> Floor  
Baltimore, Maryland 21202  
Phone: 410-396-4385  
Fax: 410-396-4382

#### **Baltimore County**

Board of Liquor License Commissioners  
County Office Building  
111 W. Chesapeake Avenue, Room G-14  
Towson, Maryland 21204  
Phone: 410-887-3191  
Fax: 410-887-3970

#### **Calvert County**

Liquor Board  
Calvert County Court House  
175 Main Street  
Prince Frederick, Maryland 20678  
Phone: 410-535-1600, ext. 306  
Fax: 410-535-1787

#### **Caroline County**

Board of License Commissioners  
Health and Public Service Building  
403 South Seventh Street, Suite 210  
Denton, Maryland 21629  
Phone: 410-479-8100  
Fax: 410-479-4187

#### **Carroll County**

Board of License Commissioners  
County Office Building  
225 North Center Street, Room 113  
Westminster, Maryland 21157  
Phone: 410-386-2094

**Cecil County**

Board of License Commissioners  
200 Chesapeake Boulevard, Suite 1600  
Elkton, Maryland 21921  
Phone: 410-996-5215  
Fax: 410-996-1172

**Charles County**

Board of License Commissioners  
Government Building  
P.O. Box 2150  
La Plata, Maryland 20646  
Phone: 301-645-0555 (Maryland)  
301-870-2260 (DC Area)  
Fax: 301-645-0515

**Dorchester County**

Board of License Commissioners  
County Office Building  
501 Court Lane, Room 101  
Cambridge, Maryland 21613  
Phone: 410-901-1076  
Fax: 410-228-9641

**Frederick County**

Liquor Board  
12 East Church Street  
Frederick, Maryland 21701  
Phone: 301-694-1156  
Fax: 301-631-3500

**Garrett County**

Board of License Commissioners  
Garrett County Government Building  
203 South Fourth Street, Room 210  
Oakland, Maryland 21550  
Phone: 301-334-1925  
Fax: 301-334-5022

**Harford County**

Liquor Control Board  
16 North Main Street  
Bel Air, Maryland 21014  
Phone: 410-879-6370  
Fax: 410-638-4970

**Howard County**

Board of License Commissioners  
George Howard Building  
3430 Court House Drive  
Ellicott City, Maryland 21043  
Phone: 410-313-2008  
Fax: 410-313-3298

**Kent County**

Board of License Commissioners  
Government Center  
400 High Street  
Chestertown, Maryland 21620  
Phone: 410-810-2212  
Fax: 410-778-7482

**Montgomery County**

Board of License Commissioners  
201 Edison Park Drive  
Gaithersburg, Maryland 20878  
Phone: 240-217-1999  
Fax: 240-777-1991

**Prince George's County**

Board of License Commissioners  
County Service Building, Room 204  
5012 Rhode Island Avenue  
Hyattsville, Maryland 20781  
Phone: 301-699-2770  
Fax: 301-985-3548

**Queen Anne's County**

Board of License Commissioners  
160 Coursevall Drive  
Centreville, Maryland 21617  
Phone: 410-758-3133  
Fax: 410-758-8473

**St. Mary's County**

Alcohol Beverage Board  
P.O. Box 653  
41650 Tudor Hall Road  
Leonardtown, Maryland 20650  
Phone: 301-475-7844, ext. 1600  
Fax: 301-475-3364

**Somerset County**

Board of License Commissioners  
30513 Prince William Street  
Princess Anne, Maryland 21853  
Phone: 410-651-0440  
Fax: 410-651-9026

**Talbot County**

Board of Liquor License Commissioners  
11 N. Washington Street  
Easton, Maryland 21601  
Phone: 410-770-8019  
Fax: 410-770-8013

**Washington County**

Board of License Commissioners  
148 W. Washington Street  
Hagerstown, Maryland 21740  
Phone: 301-797-4591  
Fax: 301-797-4599

**Wicomico County**

Board of License Commissioners  
212 Main Street  
Salisbury, Maryland 21801-0078  
Phone: 410-548-4835  
Fax: 410-548-4374

**Worcester County**

Board of License Commissioners  
Government Center  
1 W. Market Street, Room 1201  
Snow Hill, Maryland 21863-1070  
Phone: 410-632-1908, ext. 1120  
Fax: 410-632-3008

## **Liquor Control Boards and Departments**

### **Montgomery County**

Department of Liquor Control  
16650 Crabbs Branch Way, Room 203  
Rockville, Maryland 20855-2297  
Phone: 240-777-1900  
Fax: 240-777-1962

### **Wicomico County**

Liquor Control Board  
807 S. Salisbury Boulevard  
Salisbury, Maryland 21801  
Phone: 410-749-5721  
Fax: 410-341-0860

### **Somerset County**

Liquor Control Board  
10840 Market Lane, Building A, Suite 5  
Princess Anne, Maryland 21853  
Phone: 410-651-0588  
Fax: 410-651-3857

### **Worcester County**

Department of Liquor Control  
5363 Snow Hill Road  
Snow Hill, Maryland 21863  
Phone: 410-632-1250  
Fax: 410-632-3010

Source: Office of the Comptroller (Motor-fuel, Alcohol, and Tobacco Tax Unit)

## Appendix 5. State Highway Administration – District Engineer Offices

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<u>District</u>	<u>Counties</u>	<u>Location</u>
1	Dorchester Somerset Wicomico Worcester	Salisbury District Office 660 West Road Salisbury, Maryland 21802 Phone: 410-677-4000
2	Caroline Cecil Kent Queen Anne's Talbot	Chestertown District Office 615 Morgnec Road Chestertown, Maryland 21620 Phone: 410-778-3061
3	Montgomery Prince George's	Greenbelt District Office 9300 Kenilworth Avenue Greenbelt, Maryland 20770 Phone: 301-513-7300
4	Baltimore Harford	Hunt Valley District Office 320 West Warren Road Hunt Valley, Maryland 21030 Phone: 410-229-2300
5	Anne Arundel Calvert Charles St. Mary's	Annapolis District Office 138 Defense Highway Annapolis, Maryland 21401 Phone: 410-841-5450
6	Allegany Garrett Washington	Cumberland District Office 1251 Vocke Road La Vale, Maryland 21502 Phone: 301-729-8400

<u>District</u>	<u>Counties</u>	<u>Location</u>
7	Carroll Frederick Howard	Frederick District Office 5111 Buckeystown Pike Frederick, Maryland 21704 Phone: 301-624-8100
Baltimore City (not under State Highway Administration)	Baltimore City	Baltimore City Dept. of Transportation 417 East Fayette Street, 5 <sup>th</sup> Floor Baltimore, Maryland 21202 Phone: 410-396-6802

Note: Directions and maps for each SHA district office location are available at [www.marylandroads.com](http://www.marylandroads.com).

Source: State Highway Administration, Baltimore City, and Department of Legislative Services

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