



March 15, 2021

Maryland General Assembly  
Senate Judicial Proceedings Committee  
2 East  
Miller Senate Office Building  
Annapolis, Maryland 21401

Dear Members of the Judicial Proceedings Committee:

I am writing to request your **opposition to HB 367** sponsored by Del. Holmes which is scheduled for hearing in this committee on Wednesday, March 17<sup>th</sup>.

This bill proposes to create a new state regulatory board and state licensure regime for managers of community associations (condominium and homeowner associations). At its roots, occupational licensure regimes are ineffective and actually detrimental to the marketplace. A White House study<sup>1</sup> published in 2015 concluded that occupational licensure creates artificial barriers to market entry, raises costs on the licensed profession, and provides no noticeable consumer benefits related to improved service or protections.

Specific to the occupation of community managers, only seven states across the country have any form of mandatory registration or licensure (all with different models). One state – Colorado – actually repealed their manager licensure program in 2019 because there were little or no distinguishable benefits of the program, and it resulted in an inefficient use of state resources. Virginia recommended repeal of its licensure program in 2018 for similar reasons.

In full transparency, I work for Associa, the largest community association management company in the country, which provides community management services in 38 states including Maryland. As such, Associa operates in six of the seven states with some form of mandatory manager licensure/registration, so we understand and experience the burdens and ineffectiveness of these regulatory regimes. In all cases, it results in increased operating costs (mandatory education coursework, exams, and licenses) and drives up payroll costs due to a constriction of the available pool of qualified managers. More importantly, there is little recognized benefit to consumers – in this case, community associations and their residents. The industry reality is that there is currently vibrant competition among management companies in Maryland and the many provider choices offered community associations and their boards through this competition provide more effective consumer protection (i.e., choice). I would hate to see that competition throttled by the costs and regulatory burdens of statewide licensure. Frankly, a company with our size and resources would benefit from this program eliminating some of our smaller competitors who can't afford it; but Associa is committed to advocacy of good public policy, and this proposal is little more than an aspirational goal than a realistic solution.

I realize this issue has been considered annually by the Maryland General Assembly for the past several years, but I don't want this to be the year it achieves passage. **I request you vote against HB 367.**

Sincerely,

John Krueger  
V.P. Government Affairs

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<sup>1</sup> "Occupational Licensing: A Framework for Policymakers." The White House. July 2015