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Foreword

The State of Maryland has over 140,000 businesses employing approximately 2.2 million workers. The State is located in the center of the Boston-to-Atlanta corridor and is extremely close to nearly one-third of the nation's population and industrial base. Maryland is therefore in an excellent market for goods and services.

This handbook describes the regulation of business in Maryland. The handbook approaches this topic from the point of view of business -- how a business is regulated by the State. There are two general categories of regulation. The first includes regulation common to all businesses in the State such as tax, employment requirements, and occupational safety. The second category includes industry specific regulations that are unique to each industry group operating in the State.

This handbook is based in large measure on materials prepared by various State departments and agencies. In several instances, existing resources and documents were substantially adopted or incorporated into the handbook. The assistance of the State departments and agencies is greatly appreciated.

This is the eighth of nine volumes of the 1998 Legislative Handbook Series prepared prior to the start of the General Assembly term by the Department of Legislative Services. The material for this volume was assembled and prepared by Devon Dodson, Jo Ellan Jordan, Cristina Llewellyn, Patrick Tracy, Theresa Tuszynski, and Beth Vaina under the general direction of Tami Burt and William Somerville. The manuscript was prepared by Nancy Scaggs.

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 on ways future editions can be improved.

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

Annapolis, Maryland
November 1998

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Introduction

The Economic Climate in Maryland

Overview

During the 1980s, the Maryland economy consistently outperformed the U.S. economy. Maryland personal income and employment grew at rates significantly better than the national average thanks to increased defense spending, a boom in the commercial real estate market, and aggressive consumer spending. The Maryland economy in the 1990s has been in a very different position, growing slower than the national economy throughout the decade (see Exhibit I.1). While the recession of 1990-1991 which ended the 1980s economic expansion was considered relatively mild nationally, the impact on the Maryland economy was profound.

Exhibit I.1 Comparison of Economic Growth Rates, Maryland vs. U.S.

	Average Annual Growth Rates		
Employment	1980-90	1991-93	1994-97
United States	1.9%	1.1%	2.4%
Maryland *	2.4%	0.1%	1.8%
Income			
United States	7.7%	5.4%	5.9%
Maryland	8.9%	4.1%	5.2%

*The figure for 1997 employment used in this calculation was an estimate by the Department of Legislative Services of the final 1997 benchmark total. The actual final 1997 benchmark total will not be available until March 1999.

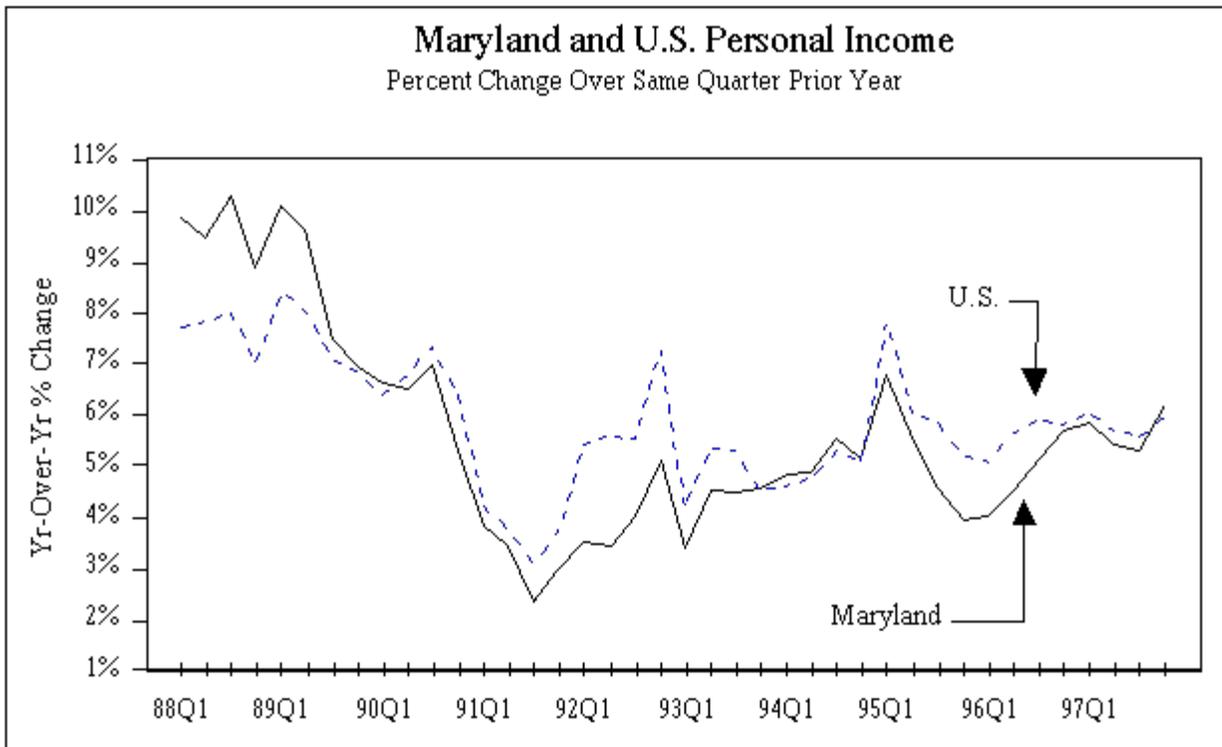
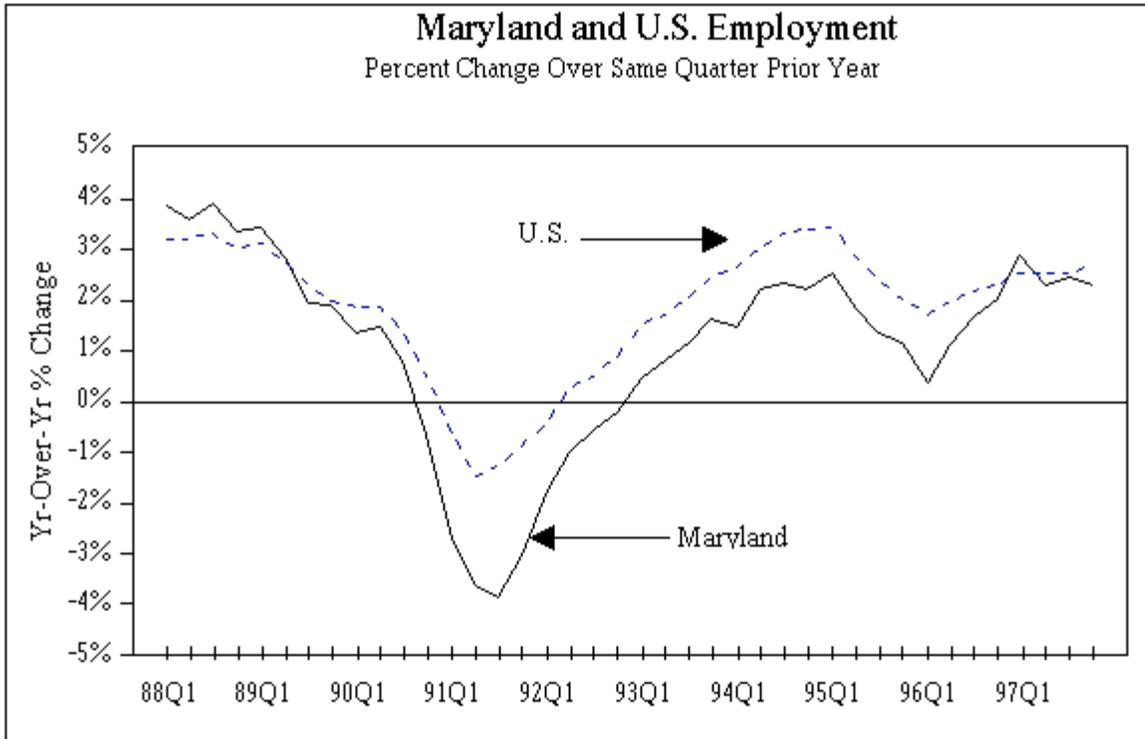
Source: Employment data from the Bureau of Labor Statistics, U.S. Department of Labor courtesy of the Maryland Department of Labor, Licensing, and Regulation; personal income data from the Bureau of Economic Analysis, U.S. Department of Commerce.

The recession of the early 1990s was longer and deeper in Maryland than for the U.S. in total as it was concentrated in sectors that are particularly important to the State's economy, such as government, defense-related industries, and financial institutions. The end of the Cold War and the concomitant downsizing of the defense industry put further pressure on Maryland's economy. While the U.S. lost 1.6 percent of payroll employment between July 1990 and March 1991, Maryland's job loss continued through September 1992. Overall, Maryland lost 109,700 jobs (peak to trough), equivalent to 5 percent of its workforce.

In addition to experiencing a more severe recession than the national economy, it took the Maryland economy longer to recover. It was the second quarter of 1995 before Maryland reached its pre-recession employment level, something the U.S. economy achieved two years earlier in the second quarter of 1993. But just as the Maryland economy was starting to rebound in early 1995, slower growth in the U.S. economy caused the State's economy to slump throughout 1995 and into the first half of 1996. The situation in Maryland was aggravated by an unusually severe winter and a federal budget crisis that resulted in two government shutdowns. By the first quarter of 1996, employment in Maryland was growing at an anemic rate of 0.4 percent.

The resolution of the federal budget crisis and a general rebound in the overall U.S. economy resulted in accelerating growth in Maryland beginning in the second quarter of 1996. By early 1997, Maryland's economy was performing near the national average in terms of both employment and personal income growth for the first time since the late 1980s (see Exhibit I.2).

Exhibit I.2
Maryland and U.S. Employment and Income Growth

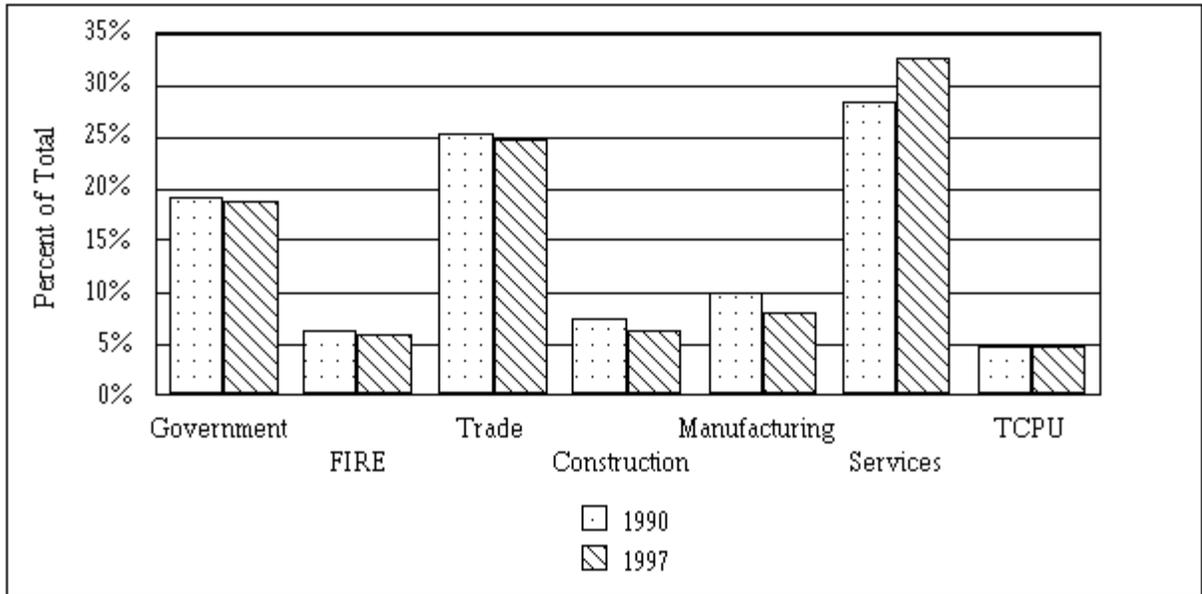


Source: Employment - nonfarm payroll employment from the current establishment survey, Bureau of Labor Statistics, U.S. Department of Labor courtesy of the Maryland Department of Labor, Licensing, and Regulation. Maryland employment for the third and fourth quarters of 1997 are Department of Legislative Services estimates of the final benchmark totals; Income - Total personal income from the Bureau of Economic Analysis, U.S. Department of Commerce.

Labor Force

Over 140,000 businesses in Maryland employ approximately 2.2 million workers. Much like the national economy, Maryland's economy is becoming increasingly dominated by the service sector. In 1997 almost one-third of jobs in Maryland were in the service sector, the largest single industry sector in the State (see Exhibit I.3). A majority of these jobs are in the business (26 percent) or health service (27 percent) industries.

Exhibit I.3
Maryland Non-Agricultural Employment by Sector
Percent of Total, 1990 and 1997



Note: Finance, Insurance and Real Estate (FIRE); Transportation, Communications & Public Utilities (TCPU)

Source: Bureau of Labor Statistics, U.S. Department of Labor courtesy of the Maryland Department of Labor, Licensing, and Regulation

Approximately 25 percent of Maryland employees work in the trade sector. Of the nearly 537,000 workers in this sector, 79 percent are employed by retail trade establishments such as clothing stores, restaurants, grocery stores, auto dealerships, etc. The remaining 21 percent are employed in wholesale trade.

With the State's proximity to Washington, D.C., government accounts for a larger percentage of total employment than it does in other states -- approximately 18 percent. Many federal agencies have headquarters in Montgomery and Prince George's Counties. State government offices and the United States Naval Academy are in Annapolis. In addition, the State hosts a number of military centers including Andrews Air Force Base in Prince George's County, Fort Meade in Anne Arundel County, and the recently expanded Patuxent Naval Air Station in St. Mary's County.

Overall, the proportion of the State's workforce in government jobs is roughly the same as it was at the beginning of the decade, around 18 percent. However, the mix among government jobs has changed. Federal government employment accounts for 5.7 percent of all non-agricultural jobs in the State, down from 6.5 percent in the early 1990s, reflecting a loss of over 9,000 jobs. At the same time, State government employment has been stable while local government employment has increased by close to 20,000 jobs since the beginning of the decade.

Maryland's manufacturing base has been declining for a number of years. In 1997 only 8 percent of the Maryland workforce held manufacturing jobs, down from 15 percent in 1978. During the 1990s the State has lost 29,000

manufacturing jobs, mostly during the recession of 1990-1991. Manufacturing employment since then has been relatively stable at around 176,000 jobs. Some of the job loss in manufacturing may reflect a shift in job classification as companies out-source functions that were once done in-house, such as accounting, payroll, and janitorial services. Jobs associated with those functions are counted as manufacturing jobs when performed in-house but as business service jobs when out-sourced.

Construction employment, which traditionally ebbs and flows with the real estate market, employs 6 percent to 7 percent of the Maryland labor market. Overbuilding in the commercial real estate market severely depressed job opportunities for construction workers in the early 1990s. But the industry rebounded as the State's economy improved and low interest rates helped spur the real estate market.

The finance, insurance, and real estate sector (FIRE) employs approximately 6 percent of the labor force. Workers are concentrated in commercial banking (26 percent), insurance carriers (20 percent), and real estate (27 percent). Maryland has seen a significant drop in commercial bank employment as mergers and consolidations in the industry have left Maryland without any major banks based in the State. During the 1990s, commercial banking employment declined from 33 percent of the FIRE category to 26 percent, reflecting a loss of close to 10,000 jobs. At the same time, there has been rapid growth in non-depository institutions (e.g., mortgage bankers) and security and commodity brokers, which together have added roughly 9,000 jobs.

Employment in transportation, communications, and public utilities (TCPU) constitutes almost 5 percent of the jobs in Maryland. Large employers include Baltimore Gas and Electric and Bell Atlantic Telephone. Thanks to strong growth associated with the Baltimore-Washington International Airport, the State's air transportation jobs have more than doubled since 1990. With 8,000 additional jobs, air transportation now accounts for 15 percent of this sector, up from 8 percent at the beginning of the decade.

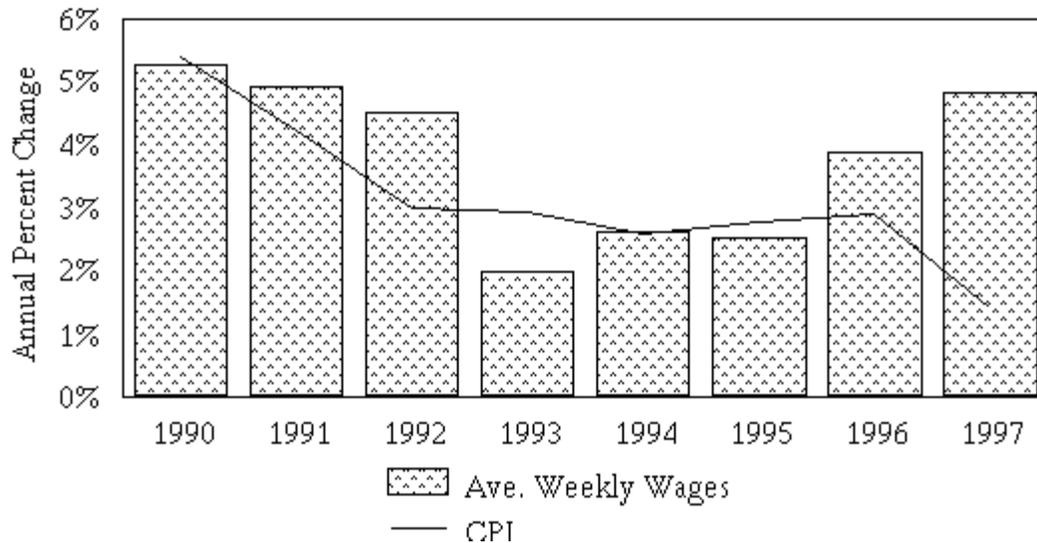
The State also boasts a growing high-technology industry. In 1996 approximately 7.6 percent of the Maryland private sector workforce was employed in high technology, roughly the same percentage as the national economy. Maryland's high-tech industry is concentrated in information technology and services (45 percent) and research (31 percent).

Earnings

Total earnings in Maryland are higher than other states, commensurate with the well-educated, highly-skilled workforce the State possesses. The State consistently ranks in the top ten nationally in per capita income. The 1990-1991 recession, however, took its toll on wage and salary earnings in the State. Total earnings have grown an average of 4 percent per year in the 1990s, down from 9 percent per year in the second half of the 1980s. Earnings growth began to accelerate in 1996 and was particularly strong in 1997. Total earnings of \$71 billion in 1997 represent an increase of 7.5 percent over the 1996 level, the best performance since 1988.

There are two factors behind earnings growth: more jobs and higher wages. Wage growth is measured by the average weekly wage per worker. Growth in the average wage per worker decelerated sharply during the recession years, falling from 5 percent annual growth in 1990 to just 2 percent in 1993. For several years, average wages failed to keep pace with inflation (see Exhibit I.4). But average wage growth has been accelerating over the last three years, posting an increase of 5 percent in 1997, the strongest growth since the early 1990s.

Exhibit I.4 Growth in Wages vs. Inflation (CPI)



Wages: Average weekly wage per worker in Maryland

CPI: Consumer Price Index

Source: Maryland Department of Labor, Licensing, and Regulation (wage data) and Bureau of Labor Statistics, U.S. Department of Labor (CPI data).

Earnings differentials across industry sectors can be wide. In 1997 the average retail trade worker in Maryland earned \$328 per week while the average employee in the wholesale trade industry earned \$794 (see Exhibit I.5). Overall, the average weekly wage in Maryland in 1997 was \$611, 5 percent more than in 1996.

Exhibit I.5
Maryland 1997 Average Weekly Wages, by Sector
Average Weekly Wage

<u>Industrial Sector</u>	<u>Per Worker</u>
Manufacturing	\$763
Construction	\$629
Trade	
Wholesale	\$794
Retail	\$328
Transportation, Communications & Public Utilities	\$734
Finance, Insurance & Real Estate	\$824
Services	\$595
Government	
Federal	\$961
State	\$620
Local	\$612
Maryland (all jobs)	\$611

Source: Maryland Department of Labor, Licensing, and Regulation

Outlook

The Maryland economy during the 1990s has been buffeted by several forces that have combined to keep the economy underperforming. A national recession early in the decade, federal government downsizing in response to the end of the Cold War and federal budget deficits, and consolidation in industries important to Maryland such as banking and defense contracting have resulted in weak economic growth throughout the 1990s. As the decade comes to an end, however, the Maryland economy has experienced a marked improvement. Economic growth in 1997 and 1998 has been the strongest Maryland has seen in ten years. Robust growth in business services, management services, transportation, and the non-banking financial sector have helped put the Maryland economy back on par with the national economy.

Despite the recent strength in the local economy, however, there seems little possibility that Maryland will return to the days when it significantly outperformed the U.S. economy. While industries such as biotechnology have great potential, they are presently too small to substantially boost Maryland's overall growth. Furthermore, the Maryland economy remains highly dependent on federal employment and spending. The federal government still accounts for 5.7 percent of all jobs in the State despite the significant decline in federal employment over the past decade. Beyond direct employment, some of the growth in Maryland's business service sector is undoubtedly tied to federal government contracts. While projected federal budget surpluses for the next several years suggest that severe cutbacks in federal spending are unlikely, those projections are in part dependent on already planned limits on federal discretionary spending that were passed earlier in the decade. Furthermore, the surpluses could evaporate quickly if the U.S. economy were to slow down significantly.

Looking forward, Maryland's economy is expected to keep pace with the U.S. performance on employment growth. Personal income should also track the national growth or slightly exceed the national performance thanks to above average wages in Maryland and strong employment growth in high wage industries in the finance and service sectors.

Section I. General Business Regulation

Business regulation in Maryland serves two basic purposes. The first purpose, described in this section, relates to general business regulation. The second purpose, discussed in Section II, is industry-specific regulation.

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 (i.e., corporation, partnership); tax liabilities faced by businesses; employment regulations (i.e., 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 which can be contacted to obtain additional information on particular regulations. Section I contains four chapters, organized as follows:

Chapter 1: Describes the types of legal entities under which businesses may operate in Maryland; explains the tax liabilities faced by businesses in Maryland and tax registration requirements; and defines industry categories, including construction, manufacturing, trades, and services.

Chapter 2: Explains Maryland's laws concerning employment, including wage payments, employment of minors, comparable worth, and required insurance coverage (e.g., workers' compensation insurance); and describes the Maryland Occupational Health and Safety Administration's role in regulating occupational safety and health in Maryland (including an overview of its functions and a description of its specialized activities).

Chapter 3: Outlines Maryland's environmental protection regulations, including a discussion of these regulations and 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

Maryland has regulations for the operation of all general forms of business entities. This chapter describes the types of business organizations and the general tax registration requirements. Various industries, including construction, manufacturing, and trades and services, are defined. Regulations that apply to specific industries are presented in subsequent chapters.

Forms of Business Organization

In Maryland a business is defined as any private trade, occupation, profession, calling, operation, or private institution conducted for profit or not for profit. The various legal forms of business organization in Maryland follow:

Sole Proprietorship	The 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 in Maryland does not need permission from the State to operate. A partnership is any association of two or more persons or corporations to operate as co-owners of a business for profit. A partnership exists if a contract to act as partners exists, even if it is not called a partnership. However, a written agreement is not necessary to form a partnership.
Limited Partnership	Limited partnerships may be formed in Maryland for purposes of doing business. Limited partners are liable only for the amount which they invested. All limited partnerships are required to register with the State Department of Assessments and Taxation.
Limited Liability Company	A limited liability company (LLC) is an unincorporated form of business with both limited duration and limited liability for all members. An LLC thus combines the tax advantages of partnerships with the liability limits of corporations. To create a Maryland LLC, an originally executed Articles of Organization must be filed with the State Department of Assessments and Taxation.
Limited Liability Partnership	A limited liability partnership (LLP), a form of LLC, may be formed by any existing legal partnership without dissolving or otherwise changing its form of organization. An LLP generally protects a partner from personal liability for debts and obligations of the partnership arising from negligence, wrongful acts, or omissions of the LLP. To create a Maryland LLP, a form describing the LLP must be filed with the State Department of Assessments and Taxation. Either a State-provided or self-created form may be used, as long as the required information is provided.
Limited Liability Limited Partnership	A limited liability limited partnership (LLLP) is a sub-class of limited partnership that protects the assets of general partners from judgments against other general partners. It is formed in the same way as an LLP, by submitting a form to the State Department of Assessments and Taxation.
Joint Venture	A joint venture is formed by two businesses contributing capital to a new corporation for an equity interest or by two businesses entering into a partnership agreement. All joint ventures are required to register to do business with the appropriate county clerk of the court.
Corporation	<p>Maryland (domestic) corporations and foreign (out-of-state) corporations are subject to slightly different incorporation procedures. A domestic corporation is organized and exists under the laws of Maryland. A foreign corporation is a corporation, association, or joint-stock company organized under United States law or the laws of another state, territory of the United States, possession or district of the United States, or a foreign country.</p> <p>To form a corporation in Maryland, a corporation must file articles of incorporation with the State, in addition to paying all relevant taxes and fees. Amendments to corporate charters must also be reported to the State Department of Assessments and Taxation. When the State accepts the articles of incorporation, the proposed corporation becomes a corporate body under the name and subject to the purposes, conditions, and provisions stated in the articles.</p>

To qualify to conduct business in Maryland, a foreign corporation must submit to the State Department of Assessments and Taxation certification of incorporation.

Special types of corporations in Maryland include professional service corporations, nonstock corporations, private foundations, and cooperatives.

For further information contact:

Corporate Charter Division
State Department of Assessments and Taxation
301 West Preston Street, Room 809
Baltimore, Maryland 21201
(410) 767-1350
Web Site: www.dat.state.md.us

Business Licenses

Most businesses in Maryland are required to obtain licenses to operate. Business licenses are not required for manufacturing operations in Maryland unless firms sell merchandise not manufactured by themselves. Generally, licenses must be obtained annually. Foreign corporations requiring licenses must first obtain qualification from the Department of Assessments and Taxation. To determine whether a particular business activity requires licensing by the State, and needs to have any additional licenses and permits, the county clerk of the circuit court may be contacted.

Trade Names

Any business organization that acts under a name other than its own must file a trade name application with the Department of Assessments and Taxation. A trade name must be distinguishable from all other names on file with the department.

Tax Registration

State Tax Registration

A single tax registration will meet the requirements for most State taxes, including sales and use, income, withholding, unemployment insurance, and admissions and amusement. The one-stop registration also serves as an initial step for businesses requiring State alcoholic beverage and tobacco permits and registration with the Motor Vehicle Fuel Tax Division. *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series further describes these taxes.

Central registration applications and instructions may be obtained from the clerk of the circuit court in each county or at any branch office of the State Comptroller.

For further information contact:

Comptroller of the Treasury
Central Registration Section
Taxpayer Registration Assistance Center
301 West Preston Street, Room 206
Baltimore, Maryland 21201-2383
(410) 767-1318
Toll Free: (800) 492-1751
Web Site: www.comp.state.md.us

Local Taxation 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 local subdivision where the business is located to comply with local regulations. The local supervisor of the Department of Assessments and Taxation can provide assistance in this regard. Appendix 1 includes the addresses and phone numbers of the local offices.

Federal Taxation Registration

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

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

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

Internal Revenue Service
31 Hopkins Plaza
Baltimore, Maryland 21201
(410) 962-2590
Toll Free: (800) 829-1040
Web Site: www.irs.ustreas.gov

Incorporation Fees and Taxes

Fees and taxes paid to the 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 and taxes:

Recording fee - \$20 for recording Articles of Incorporation.

Filing fee - \$100 for a stock corporation to file a personal property report each year.

Organization and capitalization fee - Domestic corporations pay 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 up to \$100,000 plus \$1 for each additional \$5,000 or part thereof up to \$1 million.
- \$200 for capital stock of \$1 million plus \$10 for each additional \$100,000 or part thereof up to \$2 million.
- \$300 for capital stock of \$2 million plus \$15 for each additional \$500,000 or part thereof up to \$5 million.

- \$390 for capital stock of \$5 million plus \$20 for each additional \$1 million or part thereof.

Foreign Corporations

Registration to do interstate and foreign business: before a foreign (out-of-state) corporation may transact interstate and foreign business in Maryland it must register with the Department of Assessments and Taxation and pay a \$50 filing fee. In addition, it may register its name with the Department of Assessments and Taxation by paying a \$50 name registration fee and a \$50 annual renewal after the end of the calendar year.

Qualification to do intrastate business: before a foreign (out-of-state) corporation may transact intrastate business in Maryland, it must pay the following fees:

- **Name registration** - \$50 to file an original registration of the name of a foreign corporation until the end of the calendar year. There is a \$50 annual renewal fee.
- **Qualifications** - \$50 to file papers in connection with the qualifications of a corporation to do business in this State.
- **Annual report** - \$100 to file an annual report of a foreign stock corporation subject to the jurisdiction of the State. There is no fee to file an annual report of an out-of-state corporation doing interstate or foreign business in Maryland.

If a corporation has done intrastate, interstate, or foreign business in this State before qualification or registration as a foreign corporation or after the qualification or registration was canceled, a penalty of \$200 must accompany the \$50 filing fee.

Name changes, mergers, and dissolutions of foreign charters are reported to the Department of Assessments and Taxation. Foreign corporations pay a recording fee as do Maryland corporations.

Limited Partnership and Company Fees - Maryland Firms

A limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company in Maryland is formed by filing the required certificate with the Department of Assessments and Taxation. The filing fee is \$50.

Limited Partnership and Company Fees - Foreign Firms

A foreign limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company must register and pay a \$50 fee to conduct interstate, intrastate, or foreign business in Maryland for \$50.

Personal Property Tax

Any business that uses tangible personal property (furniture, fixtures, tools, machinery, equipment) in Maryland is subject to personal property tax and must file a return annually by April 15 listing that property. The Department of Assessments and Taxation administers and enforces the property tax assessment and tax laws. Corporations, limited liability partnerships, limited partnerships, and limited liability companies, to which the department automatically sends the appropriate forms, must file the return to maintain their existence in Maryland, whether or not they have property. All other entities must file separately with the department. The department administers the valuation process, 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 (Appendix 1) or:

Personal Property Division
Department of Assessments and Taxation

301 West Preston Street
Baltimore, Maryland 21201
Sole Proprietors,
General Partnerships: (410) 767-4991
Legal Entities: (410) 767-1170
Web Site: www.dat.state.md.us

General Industries

General industries -- such as construction, manufacturing, wholesale and retail trade, and services -- are subject to general regulations (issuance of business licenses and permits), as well as specific regulations. Section II of this volume provides more discussion of licensing requirements and procedures that pertain to specific regulation of certain trades and services.

Construction

Construction is defined as any activity involving new work, additions, alterations, or repairs. The industry is divided into three subgroup classifications: building construction by general contractors or operative builders; other construction by general contractors; and construction by special trade contractors. Most construction companies have a fixed place of business but work at different job sites. Each legal entity of construction is considered a separate establishment, even though it is part of the same place of business.

Specific projects are handled by two kinds of contractors, as summarized below:

General building contractors - construction of dwellings, office buildings, stores, farm buildings, and others, and installation of pre-made buildings; and

Heavy construction contractors - construction of highways, streets, bridges and tunnels, docks and piers, dams and water projects, sewage collection, treatment and disposal facilities, storm sewer systems, air fields, heavy industrial facilities, or any other project which involves moving the earth or putting up structures or appurtenances other than buildings. This does not include the removal of overburden, which is classified as mining.

All construction companies must obtain licenses and permits, as indicated below:

Local business licenses - local business licenses are issued by clerks of the circuit court. Appendix 1 contains a list of the clerks of the court and their telephone numbers as well as a list of contacts for other local permit information.

Occupational licenses - occupational licenses are issued for specialized professions such as electricians, surveyors, and landscape architects.

Permits from the Air Management Administration - the Department of the Environment's Air Management Administration issues permits to construct and operate any facility that discharges emissions into the atmosphere.

Permits for any construction affecting nontidal waterways and flood plains - permits are issued for construction projects that affect nontidal waterways, flood plains (such as dams, jetties, drainage structures, embankments) or small ponds. These permits are issued in conjunction with Soil Conservation Districts.

Solid waste permits - permits are issued for any construction activity involving refuse disposal, hazardous waste or sewer sludge. These permits are issued by the Office of Environmental Programs of the Department of Health and Mental Hygiene.

Asbestos removal permits - permits are issued for any construction involving asbestos removal or demolition; prior approval must be obtained from the Air Management Administration.

Manufacturing, Wholesale Trade, Retail Trade, and Services

Manufacturing is generally defined as the mechanical or chemical transformation of materials into new products; this often occurs in places where power driven machines and materials handling equipment are used. Assembling parts of manufactured products is considered manufacturing, if the new product is not a structure or fixed improvement, such as lubricating oils, plastics, resins, or liquids.

Manufacturing includes the products of agriculture, forestry, fishing, mining, and quarrying, as well as establishments producing either finished (ready for use or consumption) or unfinished (raw material ready for use) products. Manufacturing includes: milk processing; frozen dessert manufacturing; fresh fish packaging; apparel jobbing (assigning material to contract factories/shops for fabrication); publishing; ready-mixed concrete production; leather converting; logging; wood preserving; service industries to manufacturing -- typesetting, engraving, plate printing; electroplating, plating, metal heat treating, polishing for the trade; lapidary work for the trade; and making signs and advertising displays.

Wholesale trade involves selling to retailers; industries; commercial, institutional, farm, or professional users; or other wholesalers. Wholesale businesses act as agents in buying or selling merchandise to or from contractors, maintaining investments of goods, extending credit, assembling, sorting, and grading goods in lots, breaking bulk and redistributing in smaller portions, delivery, refrigeration, and promotion in the form of advertisement or label designing. The types of merchandise involves: motor vehicles and automotive parts and supplies; furniture and home furnishings; machinery, equipment, and supplies; paper and paper products; drugs, drug proprietaries, and druggist's sundries; apparel, piece goods, and notions; groceries and related products; chemicals and related products; construction materials; sporting supplies; metals and minerals; electrical, plumbing, and heating equipment; hardware; and beer, wine, and distilled alcoholic beverages.

Retail trade establishments are engaged in selling merchandise for personal and home consumption to the general public. Businesses are classified by the commodities sold or usual trade designation. The business may buy and receive items or process its own products, but these practices are generally secondary to selling them. Retail sales establishments include: mobile home dealers; department stores; food stores; fruit stores and vegetable markets; gas station service centers; apparel and accessory stores; restaurants; drug stores; furniture, home furnishings, and equipment stores; general merchandise stores; building material and hardware dealers; and automotive dealers.

Industries classified as services may involve helping individuals, business and government establishments, and other organizations. Specific services include: hotels and lodging places; establishments providing personal, business, repair, or amusement services; health, legal, engineering, architectural, and accounting services; education institutions; membership organizations; automotive services; and motion pictures.

Chapter 2. Employment Regulations and Occupational Safety

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, as much as possible, safe and healthy working conditions, and seeks to preserve the integrity of their employment relationship. The regulatory agency that has primary responsibility to support and enforce occupational safety and health laws and employment standards is the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation.

This chapter describes the State's occupational safety and health and employment standards, and the regulatory functions of the agencies charged with enforcing them.

Employment 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 regulation. However, under certain circumstances, the law which is more stringent will apply.

Primary responsibility for enforcing Maryland's employment regulations falls to the Division of Labor and Industry and the Division of Employment and Training of the Department of Labor, Licensing, and Regulation. 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 Employment and Training provides customer-focused employment and training services that include administering Maryland's unemployment insurance program and advancing job placement and job training efforts. Other State agencies that assist with the enforcement of various employment regulations include the Human Relations Commission and the Workers' Compensation Commission.

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 was created to administer these statutes.

Employment of Minors

A minor under the age of 14 may not be employed or permitted to work. However, minors under the age of 14 may obtain a special permit to work as a model, performer, or entertainer. Special permits are issued by the commissioner's office.

Minors 14 through 17 years of age are issued work permits, and employers must have this permit in their possession before minors are permitted to work. Applications for work permits are available in high schools throughout Maryland. The Division of Labor and Industry issued 61,439 work permits in 1996 and 69,221 work permits in 1997.

Minors are restricted in the kind of work performed and the number of hours worked. Certain activities are not considered employment provided that the activity does not involve mining, manufacturing, or hazardous occupations, and it takes place outside of the school day. Those activities include: farm work; domestic work; work performed in a business owned by a parent; work performed by unpaid volunteers; delivery of newspapers; caddying on a golf course; etc.

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.

For further information contact:

Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 606
Baltimore, Maryland 21201
(410) 767-2239
Web Site: www.dllr.state.md.us/labor/

Equal Pay For Equal Work

Maryland law prohibits employers from discriminating in any way by paying wages or salaries in any occupation 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, jobs that require different abilities, jobs that require the regular performance of different duties, or work that is performed on different shifts.

The Minimum Wage

The Maryland wage and hour law sets 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 are covered by the city's Wage and Hour Law. If a federal or local law differs from the State law, the law which provides the most protection or sets the higher standard is the one which prevails.

The minimum wage paid to covered employees in Maryland is the wage required by the federal Fair Labor Standards Act. Currently, that wage is \$5.15 per hour. For all hours worked in excess of 40 hours in any one work week, employees will receive time-and-one-half (1-1/2) the usual hourly pay rate unless the employee is exempt from overtime requirements.

Certain employees and establishments are exempt from both minimum wage and overtime provisions, including agricultural workers, salesmen, and restaurant employees. Other employees and establishments are exempt from the overtime provisions, but must be paid minimum wage, including employees of recreational establishments, hotels, motels, and restaurants. Employees of bowling alleys and institutions (other than hospitals) primarily engaged in the care of the sick, aged, or mentally ill who reside on the premises are paid time-and-one-half after 48 hours.

For further information contact:

Division of Labor and Industry
Department of Labor, Licensing, and Regulation
501 St. Paul Place
Baltimore, Maryland 21202
(410) 767-2357
Web Site: www.dllr.state.md.us/labor/

The Wage Payment and Collection Law

The wage payment and collection law regulates the conditions and manner of payment by employers. Employers are required to:

- pay workers the wage promised;

establish regular paydays;

- pay wages when due;
- pay employees in cash, by check, or by direct deposit;
- pay their 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.

Equal Employment Opportunity

Maryland seeks to assure that all persons have equal employment opportunity. In general, State equal employment opportunity law coincides with federal law. Article 49B of the Annotated Code of Maryland prohibits discrimination in employment on the basis of race, color, religion, sex, age, ancestry or national origin, marital status, and physical or mental handicap. Activities which may be considered discriminatory practices include:

- failure or refusal to hire 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 Human Relations accepts 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.

Article 49B applies to employers with 15 or more employees. A covered employer is obligated to maintain employment policies, procedures, and practices that do not discriminate on the basis of race, color, national origin, sex, age, physical or mental handicap, or marital status. In addition, covered employers are obligated to provide reasonable accommodation for physically or mentally handicapped individuals. Reasonable accommodation means 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 will attempt 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 further information contact:

Maryland Commission on Human Relations
Schaefer Towers
6 St. Paul Street
Baltimore, Maryland 21202
(410) 767-8600
Web Site: www.mop.md.gov/mchr/index.html

Prevailing Wage

The 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 Davis-Bacon 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 percent of the construction costs of a particular project. Public school projects are subject to prevailing wages if the State funding contribution is at least 75 percent of total project funding.

By definition, prevailing wages are the hourly wage rates paid in the locality in which the construction work is to be performed. If 50 percent or more of all workers in a trade are paid the same rate, that rate is considered the prevailing wage. If not, then 40 percent or more of the employees for each work classification must be paid the same rate in order for the rate to qualify as prevailing. If less than 40 percent receive the same rate, a weighted average is calculated and used as the prevail wage. Prevailing wages are based on hourly salary levels, as well as employer benefit contributions.

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

For further information contact:

Prevailing Wage Unit
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 607
Baltimore, Maryland 21202
(410) 767-2365
Web Site: www.dllr.state.md.us/labor/

Insurance

Workers' Compensation

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 by an industry-wide rate making organization (National Council of Compensation Insurers), 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 and other expenses.

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

- the employer may insure with the Injured Workers' Insurance Fund (formerly called the State Accident Fund) - a nonprofit self-supporting agency;

For information contact:

Injured Workers' Insurance Fund
8722 Loch Raven Boulevard
Towson, Maryland 21286-2235
(410) 494-2000
Toll Free: (800) 492-0197
Web Site: www.iwif.com

- the employer may insure with any company that is authorized by the State of Maryland to write this type of coverage; or
- the employer may 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 employee was by an accidental personal injury arising out of and in the course of employment. For compensable injuries, workers' compensation benefits include medical treatment and wage replacement.

For further information contact:

Workers' Compensation Commission
 6 North Liberty Street
 Baltimore, Maryland 21201
 (410) 767-0900
 Toll Free: (800) 492-0479
 Web Site: www.charm.net/~wcc/

Unemployment Insurance

Unemployment insurance provides temporary, partial wage replacement benefits to persons who are unemployed through no fault of their own and who are willing to work, able to work, and actively seeking employment. The Federal Unemployment Insurance Program is financed by the Federal Unemployment Insurance Administration (FUTA) and must adhere to broad federal guidelines. Funds are distributed to states based on each states' claim load. The Maryland program is administered by the Department of Labor, Licensing, and Regulation, and funds are deposited into the Maryland Unemployment Insurance Trust Fund.

All private business employers and nonprofit organizations employing one or more persons, at any time, are subject to the Maryland unemployment insurance law. Within each of these broad categories there are certain exclusions related to churches, agricultural employment, students, and others. However, employers generally are required to make contributions to the Unemployment Insurance Fund based on taxable wages for the covered employment.

For further information contact:

Office of Unemployment Insurance
 Department of Labor, Licensing, and Regulation
 1100 North Eutaw Street
 Baltimore, Maryland 21201
 (410) 767-2444
 Toll Free: (800) 492-6804
 Web Site: www.dllr.state.md.us/employment/

Miscellaneous Employment Regulations

Lie Detector Tests

With certain exceptions at correctional facilities, an employer may not require or demand any applicant for employment or any employee to take a polygraph, lie detector, or similar test or examination as a condition of employment or continued employment. Any employer who violates this law is guilty of a misdemeanor and subject to a \$100 maximum fine.

Medical Questions

An employer may not require an applicant to answer any questions pertaining to any physical, psychological, or psychiatric condition which does not have direct, material, and timely relationship to the applicant's capacity to

properly perform the responsibilities of the job.

Employment Notices Required by State or Federal Law

Employers in Maryland are required to post various notices about employment conditions and benefits for their employees. The sources of these notices are:

- Wage and hour fact sheet
(Minimum Wage):
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
501 St. Paul Place
Baltimore, Maryland 21202
(410) 767-2357
Web Site: www.dllr.state.md.us/labor/
- Employment discrimination:
Maryland Commission on Human Relations
Schaefer Towers, Room 900
6 St. Paul Street
Baltimore, Maryland 21202
(410) 767-8600
Toll Free: (800) 637-6247
Web Site: www.mop.md.gov/mchr/index.html/
- Occupational safety and health:
Maryland Occupational Safety and Health
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 613
Baltimore, Maryland 21201
(410) 767-SAFE
Web Site: www.dllr.state.md.us/occprof/
- Worker's compensation:
Workers' Compensation Commission
6 North Liberty Street
Baltimore, Maryland 21201-3785
(410) 333-4700
Toll Free: (800) 492-0479
Web Site: www.charm.net/~wcc/
- Unemployment insurance:
Office of Unemployment Insurance
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street
Baltimore, Maryland 21201
(410) 767-2444
Toll Free: (800) 492-6804
Web Site: www.dllr.state.md.us/employment/

Occupational Safety and Health

Occupational safety and health in Maryland is regulated by Maryland Occupational Safety and Health (MOSH) in the Division of Labor and Industry. This unit was established by the legislature in 1971, and is responsible for setting legally enforceable regulations governing conditions, practices, and operations to assure safe and healthful workplaces. In general, MOSH adopts the federal Occupational Safety and Health Administration (OSHA) standards. Specific objectives of MOSH include:

- encouraging employers and employees to make a conscious effort to diminish safety and health hazards in the workplace;
- developing new programs and revising existing programs to ensure a hazard-free working environment;

- developing and promulgating occupational safety and health standards which reflect current trends in technology;
- developing an effective compliance and enforcement program;
- 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 MOSH regulations and standards;
- researching in the field of occupational safety and health; and
- maintaining effective and timely reporting procedures with respect to occupational safety and health problems.

Compliance and Enforcement

The Compliance Unit is responsible for ensuring that employers meet their duty under the MOSH Act to provide a safe and healthy workplace for employees. Enforcement activities include unannounced on-site inspections by trained safety inspectors that may result in the issuance of citations, the imposition of civil penalties, and the abatement of violations of State law and regulations. The first priority of the enforcement program is the investigation of fatalities, catastrophes, accidents, or imminent danger situations. Employee complaints, professional referrals, target industry and general schedule inspections and follow-ups are included in the scheduling system. The scheduling of targeted and general schedule inspections, based on total employment, lost workday cases, injury rates, and violation and inspection histories, is designed to impact on those industries and workplaces with the highest proportion of hazards and violations.

Employers may also be required to maintain and post certain information, as well as file certain reports with the commissioner, including:

- OSHA 200 or MOSHA 200 - Accident Log;
- OSHA 101 or MOSHA 101 - Supplementary Case Details; and/or
- Form 200S - The Occupational Injuries and Illnesses Annual Survey Form.

Employers who violate the Maryland Occupational Safety and Health Act are subject to: (1) civil penalties -- a maximum \$7,000 fine for each serious violation and a maximum of \$70,000 for a willful or repeat violation; and (2) criminal penalties -- a maximum \$10,000 fine and/or a maximum six months imprisonment for willful violations resulting in the death of an employee.

Consultation compliance, consisting of on-site consultative surveys and training, is based on the belief that informed employers will comply with standards. Employers may request a free-of-charge on-site consultation survey to determine whether they are in compliance. At the completion of the survey a written report as to the hazards observed and possible correction methods is sent to the employer. There are no citations or penalties associated with a consultation visit. However, employers are required to work with the consultant to correct the serious hazards found as the result of a consultation visit. Exhibit 2.1 sets forth MOSH's activities for fiscal 1996 and 1997.

Exhibit 2.1
Maryland Occupational Safety and Health Activities
FY 1996-1997

	<u>1996</u>	<u>1997</u>
Accident Inspections	148	216
Complaint Inspections (Employee)	404	420

General Schedule Safety Inspections	592	382
Follow-Up Inspections	65	22
Occupational Health Inspections	392	479
Notices of Violations Issued	4,500	3,868
Employees Affected by Inspections	166,000	182,000
First Reports of Injury Received (Lost Workdays)	126,246	146,238
Individuals Participating in Training Events	4,153	4,504

Source: *Fiscal 1999 State Budget Books*

For further information contact:

Maryland Occupational Safety and Health Administration
 Department of Labor, Licensing, and Regulation
 1100 North Eutaw Street, Room 613
 Baltimore, Maryland 21201
 (410) 767-SAFE
 Web Site: www.dllr.state.md.us/occprof/

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 any 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 attraction is dismantled and moved to a new location, it must be inspected and issued a new certificate.

The Division of Labor and Industry inspected 3,793 amusement rides in 1996 and 4,822 rides in 1997.

For further information contact:

Amusement Ride Safety Inspection
 Division of Labor and Industry
 Department of Labor, Licensing, and Regulation
 1100 North Eutaw Street, Room 300
 Baltimore, Maryland 21201
 (410) 767-2348
 Web Site: www.dllr.state.md.us/labor/amus.html

Elevator and Escalator Safety Inspections

The Commissioner of Labor and Industry is responsible for the inspection and certification of all elevators, dumbwaiters, escalators, and moving walks in Maryland. The Elevator Safety Inspection Program performs this function and conducts inspections in accordance with the American Society of Mechanical Engineers (ASME) Safety Code for Elevators and Escalators.

All elevators are inspected annually, with certificates of inspection issued by the Division of Labor and Industry. Regulations require individuals operating these devices to register with the division. No fees are charged for these inspections. State law also provides specific size requirements to accommodate a 6'2" rescue litter and requires certain actions with regard to smoking.

The Division of Labor and Industry performed 24,356 elevator inspections in 1996 and 18,628 inspections in 1997. Elevators removed from service totaled 256 in 1996 and 361 in 1997.

For further information contact:

Elevator and Escalator Safety Inspection
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 300
Baltimore, Maryland 21201
(410) 767-2348
Web Site: www.dllr.state.md.us/labor/elev.html

Boiler and Pressure Vessel Safety

The Boiler and Pressure Vessel Safety Inspection Unit is responsible for the inspection of 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 which conform to the Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers (ASME). All new and existing boilers must meet the ASME 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. Businesses operating regulated pressure vessels may have a qualified inspection service or an employee commissioned as a special boiler inspector.

The Division of Labor and Industry conducted 26,250 boiler and pressure vessel inspections in 1996 and 23,050 inspections in 1997.

For further information contact:

Safety Inspection Program
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 300
Baltimore, Maryland 21201
(410) 767-2864
Web Site: www.dllr.state.md.us/labor/boil.html

Chapter 3. Environmental Protection, Health, and Safety

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 economic development, safe communities, and environmental education. The department works to achieve the State's environmental goals with enhanced customer service, regulatory flexibility, and permit streamlining. The department builds partnerships and works cooperatively to achieve environmental protection and economic development, while improving the quality of life for all Marylanders.

For further information contact:

Maryland Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3084
Web Site: www.mde.state.md.us

A brief description of the regulatory functions of this State agency along with a summary of air, water, and solid waste regulations are presented in this chapter. This information is preceded by a description of the Environmental Permits Service Center.

Environmental Permits Service Center

Established in 1994, the Environmental Permits Service Center is a non-regulatory arm of the Maryland Department of the Environment designed to provide assistance to permitting customers. The services of the center include:

- answering questions in person or by phone about environmental permitting;
- operating an Internet-accessible database that tracks department permit applications;
- coordinating services for customers who need multiple department permits;
- distributing fact sheets on topics such as general permits and on steps businesses can take to make permitting easier;
- providing pollution prevention information; and
- assisting permit applicants who have questions or concerns.

The center also operates the Department of the Environment's Small Business Assistance Program, which helps small businesses understand and comply with environmental programs. Information packets and assistance are available for various business activities including dry-cleaning and autobody painting and repair.

For further information contact:

Environmental Permit Service Center
Maryland Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3772
Web Site: www.mde.state.md.us

Air and Radiation Management

The mission of the Maryland Department of the Environment'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:

- operating a statewide network of air quality monitors that continuously measure air quality;
- providing information to the public about the quality of the air and the nature and extent of both regional and local air pollution problems;
- assisting businesses to understand and meet requirements of State and federal air quality and radiological health law and regulations;
- investigating and resolving complaints about air pollution and radiation, and making inspections of equipment and activities that discharge air emissions or radiation;
- issuing permits and licenses required for medical, industrial, commercial, and institutional radiation uses or air pollution sources;
- reducing air pollution from motor vehicles in the State by establishing and enforcing standards for motor vehicle fuels and emissions;
- certifying and approving training courses for asbestos workers and supervisors, and providing technical support on industrial hygiene, indoor air quality, and asbestos management to State agencies, school systems, and county health departments; and
- developing coordinated plans, programs, and standards to prevent and reduce air pollution and controlled sources of radiation to protect public health while minimizing costs to the public and Maryland businesses.

The permits, approvals, licenses, and certifications issued by the administration are discussed below.

Air Quality General Permits to Construct

The air quality general permit to construct increases the efficiency of the department's permitting process through the issuance of generic permits to categories of businesses that are generally very similar in operation, equipment installation, and emissions characteristics. General permits with standardized permit conditions have been established for businesses with perchloroethylene dry cleaning equipment, charbroilers, pit barbecues, small fuel burning equipment, small stationary gasoline storage tanks, or groundwater air stripper/soil vapor extraction systems.

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 pollution complies with all air quality requirements. Any operation/equipment that discharges emissions to the outside air needs an air quality permit to construct. Examples of such operations are: 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

New Source Review (NSR) approval is required prior to construction for any new major stationary source that will discharge significant amounts of volatile organic compounds (VOCs) or oxides of nitrogen (NOx).

Prevention of Significant Deterioration Approval

To prevent significant deterioration of ambient air quality, the Prevention of Significant Deterioration (PSD) approval

seeks to limit the amount of air pollutants released by a new or modified facility proposing to locate in an area that meets national ambient air quality standards (NAAQS).

Permit to Operate

Operators of certain air pollution sources such as incinerators, large boilers, and some types of manufacturing equipment are required to obtain an annual operating permit.

Part 70 (Title V) Operating Permit

Title V of the 1990 Clean Air Act (CAA) introduced an operating permit program whose purpose is to combine, into a single document, all State and federal air quality requirements applicable to a company. Title V does not impose new substantive requirements above and beyond the State requirements.

Asbestos Contractor License

Businesses, contractors, and others engaged in any activity involving the disturbance of friable asbestos must apply for an asbestos contractor license. Regulated companies are routinely inspected to ensure compliance with federal, State, and local regulations.

Asbestos Training Provider Approval

The department has developed approval procedures to ensure that the persons requiring asbestos training receive training that meets certain standards. Persons who want to become a Maryland approved training provider must apply for approval. The department has approved five initial training courses: worker, supervisor, inspector, management planner, and project designer; and five review courses may also be approved by the department.

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 department.

Vehicle Emissions

The Air and Radiation Management Administration regulates vehicle emission inspection activities by: (1) issuing licenses to fleet owners to perform official inspections on their vehicle fleets; (2) certifying motor vehicle repair facilities which make emissions-related repairs; and (3) licensing technicians to perform emissions-related repairs. This license is required for technicians who work at fleet inspection stations or at certified emissions repair facilities. The department also issues a license for fleet inspection stations so that owners of fleet vehicles may perform official emissions inspections on their fleets or, in the case of automobile dealers, inspect both their own fleets and/or those belonging to other automobile dealers.

Radiation/Radioactive Materials

The Air and Radiation Management 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 pass State performance standards; and (3) licensing individuals to inspect x-ray machines.

Reciprocal Recognition of Out-of-State Radioactive Material Licenses

As a U.S. Nuclear Regulatory Commission agreement states, Maryland is obliged to recognize radioactive material licenses 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 department; pay a reciprocity fee; and notify the department immediately before and after working in the State.

For further information contact:

Air and Radiation Management Administration
Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3255
Web Site: www.mde.state.ms.us

Water Management

The mission of the Maryland Department of the Environment'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 water. The administration manages a broad range of activities, including regulating and financing 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; financing small creek and estuary restoration; approving erosion/sediment control and storm water management plans; issuing permits for stormwaters and dams; protecting and managing tidal and nontidal wetlands and waters; and regulating mining activities and mitigation problems associated with abandoned mines.

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

Surface Water Discharge Permit (Industrial)

The industrial surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for industrial facilities that discharge to State surface waters. The permit is designed to meet federal effluent guidelines when applicable and also ensure the discharge satisfies State water quality standards.

Industrial Wastewater/Stormwater General Discharge Permit

The industrial wastewater/stormwater general discharge permit is a generic permit issued for categories of business activities which are generally very similar in their wastewater characteristics. General permits with standardized permit conditions have been established for: (1) stormwater associated with industrial activities; (2) surface coal mines; (3) mineral mines, quarries, borrow pits, ready-mix concrete, and asphalt plants; (4) seafood processors; (5) hydrostatic testing of tanks and pipes; (6) marinas; and (7) concentrated animal feeding operations.

Surface Water Discharge Permit (Municipal)

The municipal surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for sewage treatment plants and some water treatment plants that discharge to State surface waters. A person who discharges wastewater to surface waters needs a surface water discharge permit. Applicants include municipalities, counties, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters.

Groundwater Discharge Permit (Municipal or Industrial)

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.

Toxic Materials Permit

The 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).

Water and Sewerage Construction Permit

The 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.

Water Appropriation and Use Permit

The 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 (gpd);
- individual domestic use except withdrawals for heating and cooling;
- temporary dewatering during construction if: the duration of the dewatering including intermittent nonpumping periods are expected to be less than 30 days, and the average water use does not exceed 10,000 gpd; or
- residential subdivisions of ten or fewer lots if: water is obtained from individual wells located on each lot; for properties west of the fall line only, the average lot size is not less than one acre; and the subdivision is not located in a water management strategy area.

Drinking Water Sampler Certification

The drinking water sampler certification is primarily for laboratory personnel; municipal and private water system operators and superintendents; and county and State health department staff. Other individuals who request this certification collect samples for: private companies that sample public drinking water systems; those involved in real estate transactions; and some pest control companies. This certification assures the reliability of the Safe Drinking Water Act compliance samples submitted to 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.

Waterworks and Waste System Operator Certification

The 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.

For further information contact:

State Board of Waterworks and Waste Systems Operators
Maryland Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3167
Web Site: www.mde.state.md.us

Well Driller License

The Board of Well Drillers is responsible for ensuring that the groundwater used for drinking water supplies is not contaminated due to improper well construction activities and for protecting the public from unqualified or incompetent well drillers. The board sets standards and administers qualifying examinations to license any person who drills water supply and geotechnical wells, or installs water pumps or water conditioning equipment. The practice of

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
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3644
Web Site: www.mde.state.md.us

Tidal Wetlands License and Permit

The tidal wetlands program manages tidal wetlands in order to maintain reasonable use of the wetlands while furnishing essential resource protection. To accomplish this goal, the following activities are regulated by the department:

- filling open water and vegetated wetlands;
- constructing piers, bulkheads, revetments;
- dredging; and
- establishing marshes.

Nontidal Wetlands and Waterways Permit (Nontidal Wetlands)

The goal of the nontidal wetlands and waterways program is to manage nontidal wetlands and to provide essential resource protection by authorizing only necessary and unavoidable impacts. To accomplish this goal, the following activities are regulated by the department:

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

Nontidal Wetlands and Waterways Permit

(Waterways and 100-Year Flood Plain)

Authorization 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).

Erosion/Sediment Control Plan Approval and Stormwater Management Plan Approval

The purpose of Maryland's erosion and sediment control and stormwater management programs is 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. 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 prevent stream bank erosion by controlling the rate of stormwater runoff from newly developed areas through the use of infiltration practices, shallow marshes, retention, and detention ponds. This approval is required for any new development project that disturbs 5,000 square feet or more of land. It can be obtained at the same time as the erosion and sediment control approval.

Responsible Person Training and Certification for Erosion and Sediment Control

The purpose of the "Responsible Person" certification is to train field personnel on techniques and standards that assist with field implementation of erosion and sediment controls.

General Permit for Construction Activity

The general permit is required for all construction activity in Maryland with a planned total disturbance of five acres or more. Conditions of the permit include compliance with approved erosion and sediment control and stormwater management plans, self-monitoring, and record keeping.

Municipal Separate Storm Sewer Permit

The municipal separate storm sewer permit is required for owners of municipal separate storm sewer systems serving large and medium municipalities. A large municipality is one that serves a population of 250,000 or more. A medium municipality is one that serves a population between 100,000 and 250,000. The following jurisdictions in Maryland are 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.

Environmental Sanitarian License

The State Board of Environmental Sanitarians within the Maryland Department of the Environment regulates professionals who routinely perform inspections and investigations related to enforcing Maryland's health and environmental laws and regulations. These sanitarians work in the areas of food and milk control; air quality; solid waste disposal; insect and rodent control; recreational sanitation; water supply and treatment; wastewater management and disposal; noise control; institutional and residential sanitation; product safety; and vector control.

For further information contact:

State Board of Environmental Sanitarians
Maryland Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3597
Web Site: www.mde.state.md.us

Coal Mining Permit

Permits are required for surface coal mining, deep coal mining, prospecting, preparation plants, loading facilities, and

refuse reclamation operations.

Coal Mining Operator License

Maryland requires that anyone responsible for a coal mining operation obtain a mining operator license from the department. The purpose of the license is to ensure that coal mining operations meet the department's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

Surface Coal Mining Blaster Certification

Blasting on surface coal mining operations is required to be conducted under the direction of a person who has been certified as a blaster by the Mining Program of the Water Management Administration. The 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.

Surface Mining License

Maryland requires that anyone responsible for a surface mining operation obtain a license from the department. The purpose of the license is to ensure that non-coal mining operations meet the department's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

Non-Coal Mining Permit

Mining of non-coal minerals (sand, gravel, clay, limestone, granite, shale, and dimension stone) is an essential activity making an important contribution to the economic well-being of the State. To minimize the effects of mining on the environment, provide proper land reclamation, and ensure public safety, a permit is required to conduct surface mining.

Oil and Gas Exploration and Production

Any person proposing to drill a well for oil or gas must submit a permit application to the Mining Program of the Water Management Administration. The review process is to evaluate the technical adequacy of the project, ensure sufficient environmental controls are employed, and assure citizens that property and mineral interests are protected.

For further information contact:

Water Management Administration
Department of the Environment
2500 Broening Highway
Baltimore, Maryland 21224
(410) 631-3567
Web Site: www.mde.state.md.us

Waste Management

The mission of the Maryland Department of the Environment's Waste 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, and assuring that oil is handled in an environmentally safe manner and that contaminated sites are remediated for viable economic development. 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 to assure the proper management of solid waste,

hazardous waste, sewage sludge, petroleum products, medical waste, scrap tires, and natural wood waste;

- administering the remediation of leaking underground storage tank sites and the laws relating to the proper installation and operation of tanks at over 15,000 sites statewide;
- administering the Underground Storage Tank Upgrade and Replacement Loan Program which provides low interest loans to tank owners and the Underground Storage Tank Site Cleanup Reimbursement Program which reimburses tank owners for costs incurred during cleanup activities;
- administering a "Superfund" program which assesses suspected hazardous waste sites, including federal facilities, to control and remove public health and environmental threats through site cleanups and remedial actions;
- administering a voluntary cleanup program for sites with environmental contamination to encourage increased cleanups and the reuse of redevelopment of abandoned industrial and commercial properties; and
- registering and inspecting vehicles which transport hazardous materials to ensure that wastes are properly and safely handled during transportation.

The Waste Management Administration also has other nonpermit programs which facilitate local and regional planning for solid waste and low level radioactive waste management, administer Maryland's lead paint abatement program, provide accreditation of lead service activities, maintain the childhood lead poisoning registry, and track the incidence of lead poisoning in the State.

State Refuse Disposal Permit

Any person who installs, alters, or extends a refuse disposal system must obtain a refuse disposal permit. Refuse disposal systems which 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.

Groundwater Discharge Permit for Rubble Landfills

The groundwater discharge permit, along with a refuse disposal permit, includes limitations and requirements deemed necessary to protect public health and minimize groundwater pollution. Groundwater discharge permits for rubble landfills regulate the discharge of pollutants that may be generated as a result of rain water or groundwater passing through the rubble waste in and 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.

Sewage Sludge Utilization Permit

The sewage sludge utilization permit is required for any person who collects, incinerates, stores, treats, applies to land, transports, or disposes of sewage sludge or septage in Maryland.

Natural Wood Waste Recycling Facility Permit

The natural wood waste recycling facility permit assures the proper management and recycling of natural wood wastes such as tree limbs, brush, tree stumps, root mats, logs, leaves, grass clippings, and other natural materials 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.

Scrap Tire Management License and Approval

Any person who transports, collects, processes, recycles, disposes, incinerates, or utilizes scrap tires as tire derived fuel (TDF) must obtain the appropriate authorization. The necessary licenses or approvals are listed below:

- a Scrap Tire Hauler License for commercial businesses that transport more than five scrap tires annually in Maryland;
- 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 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 provide for, by modification to a refuse disposal permit at permitted solid waste acceptance facilities, the acceptance, storage, use in a process, or transfer of scrap tires to other licensed approved tire facilities.

Oil Operations Permit

Any person who stores more than 10,000 gallons of oil in above-ground tanks, transports oil or operates oil transfer facilities must obtain an oil operations permit. Storage facilities at single family residences and oil storage at farms up to 11,000 gallons are exempt from this permit.

The 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

The oil transfer license is required for any person who transfers oil (all volumes) into Maryland. Funds received from the oil transfer fee are used to fund the State's oil control and spill response activities.

Oil Control Program General Wastewater Discharge

The general permits for wastewater discharges from oil-related activities increase the efficiency of the department's permitting process through the issuance of generic permits to categories of business activities which are generally very similar in their wastewater characteristics. 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 five million gallons total storage capacity; and
- remediated groundwater from petroleum contaminated groundwater sources.

Surface Water Discharge Permit for Oil Terminals

The 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 to State surface waters.

Groundwater Discharge Permit for Oil Terminals

The groundwater discharge permit controls the disposal of treated industrial wastewater from oil terminals into the State's groundwater via infiltration/percolation or other land-treatment applications. This permit will contain the limitations and requirements deemed necessary to protect public health and minimize groundwater pollution.

Underground Storage Tank Technician or Remover Certification

To protect groundwater from leaks caused by improperly removed or installed underground storage tanks, any individual who removes, installs, upgrades, repairs, or retrofits an underground storage tank must be certified. Some plumbers may also be required to obtain this certificate.

Controlled Hazardous Substance Facility Permit

The Controlled Hazardous Substance (CHS) Facility permit is required for the construction and operation of a facility used to treat, store, or dispose of hazardous waste.

Hazardous Waste: EPA Identification Number

Generators, transporters, and facilities which treat, store, or dispose of hazardous waste are required to notify the U.S. Environmental Protection Agency (EPA) and the department of the intent to generate, transport, and/or manage hazardous waste. Upon notification to the department, an EPA identification number is assigned.

Controlled Hazardous Substances Hauler, Vehicle, and Driver Certification

To ensure the safe transport of hazardous wastes within Maryland, the department regulates the movements of controlled hazardous substances by certifying controlled hazardous substance haulers, vehicles, and drivers and by requiring manifests for the tracking of hazardous waste.

Special Medical Waste Hauler and Vehicle Certification

To ensure the safe transport of medical wastes within Maryland, the department regulates the movements of medical wastes by certifying haulers and vehicles.

Lead Paint Accreditations and Training

The purpose of the lead paint accreditations program is to oversee lead poisoning prevention activities and reduce the incidence of childhood lead poisoning. One of the 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.

Providers of training for persons involved in the abatement of lead paint must employ instructors and conduct training courses that are accredited by the department. Training courses for workers, supervisors, inspectors, and risk assessors who provide lead paint abatement services or are involved with lead paint abatement in Maryland are designed to instruct those individuals of the potential toxic effects of exposure to lead and to provide methods to protect workers and sensitive populations from exposure to lead during abatement activities.

Voluntary Cleanup Program

The Voluntary Cleanup Program streamlines and provides certainty in the process for cleaning up eligible properties contaminated, or perceived to be contaminated, by hazardous waste. 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 Voluntary Cleanup Program or those that are contaminated by oil.

For further information contact:

Waste Management Administration
Maryland Department of the Environment
2500 Broening Highway

Baltimore, Maryland 21224
(410) 631-3304
Web Site: www.mde.state.md.us

Chapter 4. Consumer Protection

Maryland consumer protection laws set forth standards and rights to promote a competitive, free, and honest marketplace. Specifically, the Consumer Protection Act was enacted to ensure that consumers are not deceived, or provided with false or misleading information, when purchasing or using goods and services. The purpose of this Act is to set certain minimum standards for the protection of consumers across the State. This chapter describes regulations and rights concerning consumer protection and the regulatory agency which governs them.

Regulatory Authority

Consumer protection laws in Maryland are enforced generally by the Consumer Protection Division in the Office of the Attorney General. Other agencies also have some responsibility to enforce certain consumer protection laws, including the role of the Division of Financial Regulation in the Department of Labor, Licensing, and Regulation to enforce the consumer credit reporting laws and consumer motor vehicle leasing contracts law and the role of the Secretary of State to enforce the consumer condominium laws and register charitable fund-raising. The Consumer Protection Division assists these agencies in their efforts to protect consumers.

The Consumer Protection Division was created in 1967 to enforce the State consumer laws against those who commit unfair and deceptive trade practices. An unfair or deceptive trade practice includes, among other things: (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; and (3) advertising or offering goods in a manner that does not conform with actual intent or form of sale.

The division operates through the following units: the Health Club Registration Unit; the Health Education and Advocacy Unit; the Enforcement Unit; the Education Unit; the Mediation Unit; and the Arbitration Unit. The Health Club Registration Unit registers and ensures that health clubs are properly bonded. The Health Education and Advocacy Unit implements an educational and advocacy program enabling citizens to make informed choices in the marketplace and participate in decisions concerning their health care and assists with resolving billing disputes with hospitals, doctors, insurers, and other providers. 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. The division's Arbitration Unit renders binding decisions on disputes that cannot be resolved through mediation so long as both parties agree to submit the dispute to arbitration. Neither party is charged for this service.

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 civil and criminal penalties (including court litigation), conducting administrative hearings, and issuing cease and desist orders;
- 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 production, promotion, and sales 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 and bonding requirements for health clubs operating in the State; and
- promoting the interests of consumers of health care goods and products by mediating consumer complaints and assisting consumers in making more informed choices in the health care marketplace.

Also, 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 division's activities are summarized in Exhibit 4.1.

Exhibit 4.1
The Consumer Protection Division's Activities
FY 1998

	<u>1998</u>
Number of Inquiries	104,312
Number of Complaints Received	10,618
Number of Arbitrations	91
Amount of Recoveries for Consumers	\$8,483,012

Source: Consumer Protection Division

For further information contact:

Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 17th Floor
Baltimore, Maryland 21202-2021
Administrative Office: (410) 576-6550
Consumer Complaints: (410) 528-8662
Health Complaints: (410) 528-1840
Web Site: www.oag.state.md.us/consumer/index.htm

Consumer Laws

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

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 demand." In addition, phony going-out-of-business sales are prohibited and distress sales may only be held for a 60-day period.

After-Market 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. Shops must disclose to owners if the parts are genuine factory or after-market crash parts.

Automotive Repair Facilities

For any work which will result in a charge or more than \$50, automotive repair facilities are required by the Automotive Repair Facilities Act to give the customer upon request a written statement which contains the estimated price for labor and parts, any other fees and surcharges applicable, and the estimated completion date.

Without the customers' consent, a facility may not charge an amount which exceeds the written estimate by 10 percent. The automotive repair facility must also prepare an invoice which describes all work completed, including all warranty work, and all parts supplied.

Automotive Warranties

The Automotive Warranty Enforcement Act, more commonly known as the "Lemon Law", provides for the enforcement of manufacturer's warranties on new cars. The Lemon Law applies to the sale of all new cars, small trucks, multipurpose vehicles, and motor cycles registered in Maryland regardless of where they were purchased (or leased). The warranty period is 15 months after the car was originally delivered by the dealer or 15,000 miles, whichever comes first.

Under the law, consumers inform the manufacturer or factory branch of any defect or condition which does not conform with all the applicable warranties. The manufacturer or dealer must then make the necessary repairs. If the manufacturer or factory branch, or its authorized dealer, is unable to repair the consumer's car after a reasonable number of attempts, the manufacturer is required to either:

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

It is presumed that a reasonable number of attempts have been undertaken if the manufacturer has made four or more unsuccessful attempts to repair the defect, the manufacturer has failed to resolve a problem with the braking or steering systems after one repair attempt, or the vehicle is out of service for one or more problems for a cumulative total of 30 or more days. A manufacturer or dealer is not required to replace the vehicle or offer a refund if the defect:

- does not substantially impact the use or market value of the vehicle; or
- is the result of abuse, neglect, or unauthorized alterations to the vehicle.

Condominium Sales

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 can obtain. The Maryland Condominium Act also sets forth 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 which affect consumers under the Maryland Condominium Act.

Consumer Debt Collection

When collecting money from a consumer, a merchant or a debt collecting agency must adhere to rules established by the federal and State Consumer Debt Collection Acts. Among other things:

- a bill collector is prohibited from using abusive or obscene language, threatening violence, or sending the consumer letters that are designed to be mistaken for legal documents;
- a debt collector is prohibited from hurting a consumer's credit reputation by spreading false information about the consumer; and

- creditors or collectors are prohibited from contacting a consumer's employer or making a claim against a consumer's wages until obtaining a court order against the consumer.

Creditors are allowed to write a letter to consumers demanding payment, telephone consumers at a reasonable hour of the day or night, or visit consumers at home at a reasonable hour to demand payment. Creditors 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 goods or services, a merchant may not record the address or telephone number of the credit cardholder. There are a few exceptions to this prohibition, including if the information is necessary for delivery. However, the merchant may request the credit cardholder to display a form of identification.

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

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 signs for the acceptance of the card 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.

The Credit Card Number Protection Act prohibits a person from unlawfully using or disclosing another person's credit card number except under certain circumstances. Disclosure may be allowed if it is pursuant to obligations under federal or State law, including a court order, or it is in connection with an authorization, processing, billing, collection, charge back, insurance collection, fraud prevention, or debt that relates to the credit card.

Credit Denial and Credit Reporting Agencies

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, merchants 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 applying for credit if she plans to have children.

If a consumer is denied credit because of information a merchant obtains from a credit reporting agency, the merchant is required by law to give the consumer the name and address of the agency that provided the information.

A credit 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; and

- to a person whom the agency has reason to believe intends to use the information in connection with a credit transaction, employment, insurance underwriting, or licensing purposes, or another legitimate business need.

An investigative credit report may not be prepared on a consumer unless the procurement or cause is disclosed to the consumer. If the completeness or accuracy of an item on a credit report is disputed by a consumer, and the dispute is directly conveyed to the consumer reporting agency in writing by the consumer, the credit reporting agency must within 30 days reinvestigate and record the current status of that information unless it has reasonable grounds to believe that the dispute by the consumer is frivolous or irrelevant.

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 power to hold hearings, issue orders for compliance with the law, and impose civil penalty on violators based on certain factors.

Credit Services

Under the Credit Services Business Act, a credit services business, its employees, and independent contractors who sell services of a credit services business may not receive money from a consumer unless the business is licensed with the Commissioner of Financial Regulation. Credit services include improving a consumer's credit record, history, or rating; establishing a new credit file or record; and obtaining an extension of credit for a consumer. However, these business are prohibited from:

- assisting or advising a consumer to make false or misleading statements or representations to a consumer reporting agency; and
- providing a consumer with information on how to obtain a different name, address, telephone number, Social Security number, or employer tax identification number.

Door-to-Door Sales

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

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

If a consumer cancels the sale within three days, the seller must refund all payments within ten 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.

Door-to-Door Solicitations

Under the 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, more than \$200 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, that is made in person by the solicitor, and where the consumer's payment, pledge, or promise is made at the consumer's home.

The solicitor is required to provide the consumer with a pledge form and inform the consumer of the consumer's right to rescind a pledge at any time and that a pledge to contribute is not an enforceable contract.

Electrical Products

A person may not sell or distribute an electrical 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.

Facsimile Transmission

Commercial solicitation of goods and services via a facsimile transmission is prohibited.

Fine Prints

A fine print is a printed image on paper or any other suitable substance which 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 which 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;
- whether the plate has been altered after the current edition; and
- the name of the workshop where the edition was printed.

Persons who violate the laws pertaining to fine prints are liable for the purchase price of the print plus interest from the date of payment of the purchase price.

Gold and Silver

A person may not sell an item of merchandise made in whole or in part of gold/gold alloy or silver/silver alloy if the item is stamped, tagged, or packaged in a manner which 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 purchase a surety bond for the purpose of reimbursing members who paid in advance 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 which must be 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 with a full refund. The contract must state the required cancellation information.

Insulating Material

A person who sells or distributes cellulose or foam insulating material that is intended ultimately for the installation in a permanent or temporary household or residence must meet minimum standards of fire retardancy established by the State Fire Prevention Commission or the federal government.

Kosher Products

A person may not sell kosher products unless the products meet the requirements for being kosher. A disclosure statement must be displayed on the premises where unpackaged kosher food is sold or served.

Layaways

Under the Layaway Sales Act, all layaway sales must include both the price and all the terms of the agreement

(description of goods, price, payment schedule). Any reduction in the price of a layaway item up to ten days after purchase must be passed on to the buyer of the layaway item. The seller is prohibited from increasing the layaway price of the consumer goods sold under a layaway agreement.

A seller must permit the buyer to cancel an agreement, without obligation, within seven days from the date of the agreement. If the buyer defaults (15 days elapse from the scheduled date on which the buyer failed to make a required payment), the seller may cancel the layaway agreement and keep 10 percent of the layaway price or the money the consumer 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 merchants include an estimated delivery date in the sales contract. A consumer may cancel an order and receive a full refund of the deposit if the contract does not contain this information. Merchants must make an informed estimate, even if they are not completely certain when the merchandise will be available.

If the ordered merchandise is not delivered within two weeks of the promised date, the consumer may cancel the contract and is entitled to a full refund of the deposit. The merchant must refund the consumer's deposit within two weeks of a request. As an alternative to canceling the order, the consumer has the option of modifying the contract by selecting another item, taking a store credit, or agreeing on a new delivery date.

If a delivery will be delayed, the consumer must be promptly notified and provided with a new estimated delivery date, which may not exceed a reasonable amount of time required to resolve the delay. The consumer does not have to accept a delivery delay because the order is considered special or custom-made.

If the merchant and consumer have agreed upon a delivery time but the goods cannot be delivered successfully because no one was there to accept delivery, the consumer forfeits all remedies provided by the law. The merchant consequently must give the consumer written or oral notice of the attempted delivery.

Mortgage Servicer

A mortgage servicer must send to a mortgagor, within seven days after acquiring the mortgage, a written notice regarding the transfer and the new servicer.

Motor Vehicle Leasing

The Consumer Motor Vehicle Leasing Contracts Act regulates the leasing of motor vehicles. The Act applies to consumer motor vehicle leases for new and used motor vehicles and leases whether or not they include an option to purchase the leased vehicle at the expiration of the lease term. The minimum period of time a lessee must agree to use a motor vehicle for an agreement to be a lease is four months.

A lease must 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 installment payments as long as the total payments over the new or extended lease term do not exceed the total payments of the original lease.

Both the Division of Consumer Protection and the Commissioner of Financial Regulation can enforce the motor vehicle leasing contracts law.

New Home Warranty

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 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 on structure.

Failure to comply with the new home warranties law or knowingly misrepresenting that a new home warranty exists is an unfair and deceptive trade practice.

Prizes Conditioned on Purchases or Sales Promotion

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 has been selected or is eligible to receive anything of value if the other person is required to purchase goods or services, pay any money to participate in, or submit to a sales promotion effort. However, prizes may be conditioned on the purchase of a product if the retail price of the prize offered does not exceed the greater of: (1) \$40; or (2) the lesser of: (i) 20 percent 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 price and number of prizes offered, the odds of winning, and other rules and conditions involved.

Product Warranties

New or used products purchased by Maryland consumers are protected by an implied warranty. An implied warranty is given by the merchant every time a sale is made and requires that an item is suitable for the purpose for which it is sold.

Because many manufacturers provide a written warranty with their products, sellers do not have to add to it. Federal law requires that both manufacturers and sellers who want to give their own written warranty to the customer, in addition to the one supplied by the manufacturer, must label their warranties as either "full" or "limited." A "full" warranty promises to provide a full cash refund or repairs at no cost to the consumer if the product is defective. Warranties with less coverage are "limited."

Maryland's Consumer Products Guaranty Act requires a warranty to state:

- the duration of time the product is guaranteed or some other measure of usage, such as mileage;
- the maintenance, if any, that a consumer must undertake to be entitled to repairs or replacement under the warranty;
- the merchant's obligation under the warranty and any fee that could be charged for services; and
- the procedure the consumer must follow in order to make use of the warranty, such as take the product back to the store, mail it back, or provide return postage.

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. Nonprofit organizations are exempt from this requirement.

Second-Hand Items

A person may not sell a used television, radio, or watch unless it is labeled "second-hand".

Service Contract

A seller may not require a purchaser of merchandise to enter into a contract for the service of that merchandise as a condition of sale.

Telemarketing

The key provisions of the Telephone Solicitations 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;
- when a seller initiates a phone call to a consumer who then agrees to make a purchase, the seller must send the consumer a written contract;
- 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;
- 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 unless the consumer signs the contract and sends it back to the seller;
- all representations made by the telemarketer must be included in the contract; and
- the contract may not exclude from its terms any oral or written representations made by the merchant to the consumer.

Unit Pricing

A person who sells, offers, or displays for sale a consumer commodity at retail must disclose the unit price and the total price of the commodity unless exempted by law. A consumer commodity includes any food, drug, cosmetic, or other product, except those that are prepackaged with separately identifiable items that are separated by physical division within the package.

Vacation Club Membership

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, whether or not the exercise of the right to use or occupy depends on the availability of a vacation accommodation. It includes time-shares in campgrounds, condominiums, or other vacation accommodations. Either party may cancel the contract within ten calendar days with full refund. The contract must disclose this information.

Penalties

The general penalty for persons who violate the consumer protection laws include:

- civil penalties -- a fine up to \$1,000 for each violation for the first infraction and a fine up to \$5,000 per violation for subsequent infractions; and
- criminal penalties -- a fine up to \$1,000 and/or imprisonment for up to one year.

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.

Also, 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.

Section II. Industry-Specific Regulation

Section II describes the second purpose of business regulatory activities in Maryland, which can best be described as industry-specific regulation. These regulations include those structured to fit particular industry groups or businesses operating in Maryland. Thus, businesses are not only subject to the general regulations discussed in Section I but may also be subject to regulations specific to a particular industry or profession.

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

Section II is organized as follows:

Chapter 5	Agriculture
Chapter 6	Natural Resources Management
Chapter 7	Financial Institutions and Related Industries
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

Agriculture remains one of Maryland's significant industries. In 1996 there were 13,700 operating farms and 2.1 million acres of agricultural land in the State. Cash receipts in 1996 totaled over \$1.82 billion.

In order to protect the integrity of the industry and provide consumers with both safe and high quality products, the industry is closely regulated. This regulation, which is carried out by the Maryland Department of Agriculture (MDA), is focused on the following areas:

- marketing, animal industries, and consumer services;
- plant industries and pest management; and
- resource conservation.

The agriculture industry in Maryland is subject to federal as well as State regulations. In some instances, federal restrictions supercede State law. For detailed information on federal regulation of agricultural land and products, county agriculture extension agents should be consulted.

Marketing, Animal Industries, and Consumer Services

The regulation of programs that deal with measuring, producing, and selling food was consolidated in 1997 in the department's Office of Marketing, Animal Industries, and Consumer Services. Regulatory units of the office include Agriculture Statistics, Agribusiness Development, Aquaculture/Seafood Programs, Domestic Marketing, International Marketing, Weights and Measures, Animal Health, Grading Services, Egg Inspection, and Grain Dealers Licensing. This newly consolidated office also includes the Maryland Horse Industry Board, State Board of Veterinary Medical Examiners, State Tobacco Authority, and State Fair Board.

Agriculture Statistics

The Agriculture Statistics Service provides the public with data relating to production of crops and livestock grown in the State. The service also gathers and publishes information on land use, income, commodity and land prices, labor, and farm demographics. The data 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:

Agriculture Statistics Service
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5740
Web Site: www.mda.state.md.us/

Agribusiness Development

The Agribusiness Development Program was established to make Maryland more competitive in attracting and developing agriculture-related businesses. It provides entrepreneurs with direct links to resources for starting or expanding their business in the State. In 1997 the program assisted 31 existing businesses and 42 potential companies. The program works one-on-one with entrepreneurs to assess their needs, provide counseling, and identify specific contacts in government agencies and the private sector that can help business owners develop business plans, obtain financing, meet regulatory requirements, and locate product distributors. Since its establishment in July 1996, the program has assisted more than 110 businesses.

Aquaculture/Seafood

The Aquaculture Office works closely with the Agriculture Education Foundation, Maryland high schools, and interested parties to provide general and technical information, fish sources, site evaluation, presentations, seminars, and tours. The office provides guidance to people within Maryland and other states and countries who are interested in establishing aquaculture facilities. The farm gate value of Maryland aquaculture for 1996 was \$19,349,278. The Seafood Marketing Program promotes the increased sale and consumption of Maryland seafood and aquaculture products through education, promotion, and advertising.

Domestic Marketing

The department promotes agricultural products and business through a wide variety of programs, including: farmers' markets, farmers' market nutrition programs, the "Shore to Store" Program, and the State Fair. In 1997, 63 farmers' markets operated in the State. Approximately 500 producers used these markets to sell all, or a major portion, of their production. Estimated sales volume was \$5 million. In 1997 farmers' market coupons were distributed to 22,000 eligible households participating in the Supplemental Food Program for Women, Infants, and Children (WIC). These coupons were used by the WIC participants to purchase \$245,000 in locally grown produce from farmers who sold in 44 authorized farmers' markets.

For further information contact:

Domestic Marketing
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5770
Web Site: www.mda.state.md.us/

International Marketing

Maryland's agricultural products are exported worldwide. The State's agricultural exports reached an estimated \$296 million in 1997. The top five agricultural exports in 1997 were poultry and poultry products; feed grains and feed grain products; soybeans and soybean products; vegetables; and tobacco leaf. The department's International Marketing Services focuses on educational outreach; trade shows and trade missions; and market research.

For further information contact:

International Marketing
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5770
Web Site: www.mda.state.md.us/

Weights and Measures

The Weights and Measures Section is responsible for inspecting and testing all weighing and measuring devices used in buying and selling commodities. Prepackaged commodities are inspected and tested for accuracy of quantity statements and compliance with labeling requirements. Investigations are conducted to prevent fraud in quantity and measurement determinations during commercial transactions and in response to consumer complaints. Routine monitoring of commercial transactions is conducted to ensure that proper measurement terms and methods of sale for commodities are employed. Some of the section's activities are summarized in Exhibit 5.1.

Exhibit 5.1
Weights and Measures Administrative Controls and Miscellaneous
FY 1995-1997

	<u>1995</u>	<u>1996</u>	<u>1997</u>
Weighing & Measuring Devices Registration Certificates Issued	8,586	8,565	8,572
Type Evaluation of Devices Completed	51	71	80
Samplers & Testers Licenses Issued	57	47	42
Citizen Complaints Received & Investigated	296	303	309
Disciplinary Hearings, Criminal Arrests, and/or Summonses Obtained	16	22	10

Source: Maryland Department of Agriculture

For further information contact:

Weights and Measures Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5790
Web Site: www.mda.state.md.us/

Animal Health Section

The Animal Health Section safeguards the health of food-producing animals and horses while placing emphasis on controlling any animal disease transmissible to humans. Continuous efforts are directed at controlling and eradicating diseases peculiar to each species. This includes planning and implementing long-range programs to eradicate livestock diseases not controllable by elementary treatment.

For further information contact:

Animal Health Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5810
Web Site: www.mda.state.md.us/

Grading Services

The Grading Services Section provides producers and processors with a voluntary certification program for agricultural commodities, including eggs, fruit, vegetables, poultry, and grain. The cost of the service is paid for by the users. Department graders inspect and certify agricultural commodities for quality, size, labeling, and packaging. Commodities meeting the criteria set by United States Department of Agriculture and/or Maryland Department of Agriculture standards are identified and certified by department graders. Official certification provides a uniform basis for the marketing of agricultural commodities.

For further information contact:

Grading Services Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401

(410) 841-5769
Web Site: www.mda.state.md.us/

Egg Inspection

The Egg Inspection Section is responsible for enforcement of the Maryland egg law. Eggs are inspected at approximately 8,000 businesses, including processing plants, wholesale and retail outlets, and food service facilities, for compliance with standards set by law. Representative samples are examined by inspectors to determine if quality, weight, invoice, and labeling requirements are met. Wholesalers and packers selling or delivering eggs in Maryland are required to obtain a license annually. Requirements for licensing include payment of registration and assessment fees and approval of the producer's flocks by the Animal Health Section.

For further information contact:

Egg Inspection Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5769
Web Site: www.mda.state.md.us/

Grain Deals Licensing

All persons in the business of buying or storing grain from a grower are required to obtain an annual license. Fees for the license are based on the amount of grain handled and range from \$50 to \$300. Applicants must meet minimum insurance and net worth requirements before a license will be issued. A Directory of Licensed Grain Dealers is published and distributed annually. In 1997, 81 business licenses were issued.

For further information contact:

Grain Laws Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5769
Web Site: www.mda.state.md.us/

Maryland Horse Industry Board

Chapter 416 of 1998 renamed the State Board of Inspection of Horse Riding Stables to be the Maryland Horse Industry Board. The board licenses and regulates horse riding stables. The board issues licenses to any person engaged in the business of operating or maintaining any horse riding stable. Each licensed stable is inspected annually to ensure that standards set by the board are maintained as provided in their regulations.

Exhibit 5.2
Horse Industry Regulation
FY 1995-1997

	<u>1995</u>	<u>1996</u>	<u>1997</u>
Number of Horse Riding Stable Licenses Issued	306	317	329

Source: Maryland Department of Agriculture, Maryland Horse Industry Board

For further information contact:

Maryland Horse Industry Board
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5862
Web Site: www.mda.state.md.us/

State Board of Veterinary Medical Examiners

The State Board of Veterinary Medical Examiners is responsible for licensing and regulating the veterinary profession in Maryland. The board issues four licensing examinations each year for new veterinarians. All Maryland veterinarians are registered annually and are required to have twelve hours of continuing education each year. The board also registers and regulates veterinary technicians. Veterinary hospitals are issued annual licenses and are inspected to ensure compliance with State regulations pertaining to the operation of veterinary facilities. Since sodium pentobarbital permits are issued by the board, it reviews records concerning the storage and use of this material several times a year.

Exhibit 5.3 Veterinary Profession Regulation FY 1995-1997

	<u>1995</u>	<u>1996</u>	<u>1997</u>
New Veterinarians Licensed	137	148	101
Hospitals Licensed	434	457	462
Complaints Received	59	67	52
Disciplinary Actions	10	13	13
Sodium Pentobarbital Permits	28	24	24

Source: Maryland Department of Agriculture, State Board of Veterinary Medical Examiners

For further information contact:

State Board of Veterinary Medical Examiners
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5862
Web Site: www.mda.state.md.us/

Maryland State Tobacco Authority

The Maryland State Tobacco Authority promotes the sale of Maryland-grown tobacco in this country and abroad. It is charged with making recommendations for handling tobacco more efficiently, providing information about tobacco price structures, fixing market dates, and regulating marketing practices.

For further information contact:

State Tobacco Authority
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5770
Web Site: www.mda.state.md.us/

Plant Industries and Pest Management

The Department of Agriculture's plant industries and pest management programs relate to: (1) the use and application of pesticides; (2) the control of plant diseases and pests; (3) the registration, labeling, and quality testing of feed, fertilizer, lime, and pesticide products; and (4) the certification of the quality of seeds and turf produced or sold in the State. The Office of Plant Industries and Pest Management has responsibility for administering programs and enforcing laws, regulations, and quarantines relating to forest pest protection; mosquito control; pesticide regulation; plant protection and weed management; the State chemist; and turf and seed.

For further information contact:

Office of Plant Industries and Pest Management
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5870
Web Site: www.mda.state.md.us/

Forest Pest Management

The Forest Pest Management Section manages the two cooperative cost share programs conducted with the United States 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 Cooperative Forest Health Program monitors and evaluates insects and diseases affecting Maryland forests. In 1997 surveys were conducted to determine the impact of several insects and diseases in the State.

Mosquito Control

There has been a mosquito control program in Maryland since 1956. The office administers and implements a statewide mosquito control program, which includes surveillance, source reduction, biological control, application of insecticides, and public education. The office maintained cooperative mosquito control agreements with 22 counties during 1997 and provided service in 1,944 communities. The program is available on a voluntary basis and participating areas pay a share of the cost for direct service.

Pesticide Regulation

The Pesticide Regulation Section regulates the use, sale, storage, and disposal of pesticides and enforces State and federal pesticide laws and regulations. The section certifies private applicators (farmers) and commercial applicators to ensure that pesticides are applied properly by competent and trained individuals.

Personnel from this section conduct inspections of licensed pest control businesses, public agencies, and restricted use pesticide dealers to review pesticide application records, restricted use pesticide sales records, safety equipment, storage areas, and application equipment and vehicles. Pesticide misuse and consumer complaints are investigated, and applicator training standards are set and enforced. Applicators are required to maintain their level of competency by participating in mandatory update training approved and monitored by the section. The section provides information to pesticide applicators, dealers, and the general public on issues concerning pesticide use and regulation. The section also assists in the training of applicators that is conducted by the Maryland Cooperative Extension Service and pesticide industry. Exhibit 5.4 sets forth pesticide regulation data for 1995 through 1997.

	<u>1995</u>	<u>1996</u>	<u>1997</u>
Pesticide Businesses Licensed	1376	1412	1440
Private Applicators Certified	4749	4717	4438
Individuals Taking Examinations	872	850	1051
Number of Businesses Inspected	879	989	722
Consumer Complaints Investigated	147	158	182

Source: Department of Agriculture, Pesticide Regulation Section

For further information contact:

Pesticide Regulation Section
 Department of Agriculture
 50 Harry S. Truman Parkway
 Annapolis, Maryland 21401
 (410) 841-5710
 Web Site: www.mda.state.md.us/

Plant Protection and Weed Management

In 1997 the Weed Control Section was merged with the Plant Protection Section. The combined section's major programs are field operations, laboratory services, and noxious weed management. The section administers these programs as well as providing service and education in areas related to insect, plant disease, and noxious weed management. Plant protection involves examining and certifying plants at commercial nurseries and plant dealer outlets. Another aspect of plant protection is honeybee (apiary) inspection; colonies are inspected to prevent the spread of bee disease and parasites. All apiaries must be registered with the department.

For further information contact:

Plant Protection and Weed Management Section
 Department of Agriculture
 50 Harry S. Truman Parkway
 Annapolis, Maryland 21401
 (410) 841-5920
 Web Site: www.mda.state.md.us/

State Chemist

The State Chemist Section regulates the distribution of animal feeds, commercial fertilizers, soil conditioners, liming materials, and pesticides. These products must be registered with the section and a registration fee is required. Chemical analysis by the State chemist laboratory determines if the product meets the formulation shown on the label. Samples of products are usually selected at random from the marketplace by inspectors who are assigned to this section.

For further information contact:

State Chemist Section
 Department of Agriculture
 50 Harry S. Truman Parkway
 Annapolis, Maryland 21401
 (410) 841-2721
 Web Site: www.mda.state.md.us/

Turf and Seed

The Turf and Seed Section has the two-fold goal of protecting Maryland seed users, including homeowners, gardeners, commercial food growers, farmers, and wholesale and retail seedsmen, and encouraging production of quality turf and seed to provide a competitive market.

Retail and wholesale seed vendors are visited by department inspectors, with samples drawn from seed bags or bins and 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. This section also supervises the production of certified seed and turfgrass to assure conformity to the standards established by the department. Wholesale seedsmen doing business in the State must obtain a wholesale seedsman's permit. The annual fee for the permit is \$50.

For further information contact:

Turf and Seed Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5960
Web Site: www.mda.state.md.us/

Resource Conservation

The Office of Resource Conservation oversees programs aimed at assisting farmers balance farm productivity with the need to protect soil and water resources. The office works with numerous local, State, and federal agencies on three key program areas: program planning and development; resource conservation operations; and conservation grants. Examples of these programs include Maryland's Tributary Teams, Conservation Planning, and Maryland's Nutrient Management Program.

For further information contact:

Office of Resource Conservation
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5865
Web Site: www.mda.state.md.us/

Maryland Agricultural Land Preservation Foundation

The Maryland Agricultural Land Preservation Foundation cooperates with local subdivisions to slow the encroachment of development by establishing agricultural preservation districts. Once in a district, a landowner is eligible to apply to the foundation to sell a perpetual development rights easement. In 1997 the foundation approved the establishment of 154 new agricultural land preservation districts protecting an additional 18,575 acres. This represents a 59 percent increase over the 1996 total. The adjusted total acreage base of recorded and approved district properties as of June 30, 1997 is 30,286 acres, covering 2,277 individual district properties.

For further information contact:

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

(410) 841-5860

Web Site: www.mda.state.md.us/

Miscellaneous Regulation

Farm labor contractors, also known as "crewleaders", recruit, hire, transport, or house migrant agricultural workers. Often the migrant workers are dependent on the crewleader not only for wages, but also for such necessities as food, housing, and transportation to and from their home state. Under the Farm Labor Contractor Registration Act, all farm labor contractors who work in Maryland are required to register with the Commissioner of Labor and Industry. In addition, the law imposes duties on the farm labor contractor regarding the employment, housing, and transportation of migrant agricultural workers. In particular, the law requires that migratory labor camps must be licensed and an agricultural employer or "grower" must verify registration before using a farm labor contractor's services. The regulatory requirements of the Act are under the jurisdiction of the Office of Environmental Programs of the Department of Health and Mental Hygiene as well as the Department of Labor, Licensing, and Regulation.

For further information contact:

Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 613
Baltimore, Maryland 21201
(410) 767-2210
Web Site: www.dllr.state.md.us/labor/

Chapter 6. Natural Resources Management

While many of the regulatory activities of the Maryland Department of Natural Resources (DNR) have an impact on a broad cross section of businesses, other regulatory functions have a more narrow focus. This chapter highlights the efforts of the department to protect the environment and maximize the use of natural resources within specific industries. Emphasis is placed on commercial fishing, forestry, wildlife, and boating.

Commercial Fishing/Aquaculture

The fishing industry in Maryland has long been one of the State's major industries. Commercial finfish and shellfish catches for 1997 totaled 59.6 million pounds and had a dockside value of approximately \$52.9 million.

The regulatory framework for the fisheries industry in Maryland is based upon its significant recreational and commercial value. The objective of regulation is to prevent the depletion of stocks by overharvesting and to maintain these stocks for the long-term benefit of fishermen. To meet these objectives, the Fisheries Service of the department grants commercial and recreational licenses, regulates the length of the season, sets size and bag limits, and imposes quotas. The department also enforces a variety of other specific regulations related to how, when, and where various types of species may be landed. In 1997 the Fisheries Service granted 7,400 commercial licenses.

Some of the specific regulations which apply to various species are displayed in Exhibit 6.1.

The aquaculture industry, which rears fish and aquatic plants for sale, trade, barter, or shipment, is regulated by the Fisheries Service, and individuals wishing to engage in aquaculture must obtain a permit from the 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 the native species of the State.

The service also enforces additional regulations on where aquaculture operations may be conducted, leases submerged land for oyster cultivation, and issues permits to breed, propagate, and sell game and freshwater fish.

Exhibit 6.1
Summary of Current Commercial Fisheries Regulations in Maryland

Species	Commercial Minimum Size Limit	Commercial Season, Days and Times	Special Conditions/Comments
Bass, Black Sea	10" minimum size	OPEN YEAR ROUND	Seasonal Catch Limits
Bass, Striped (APR)	Pound Net: 18" minimum size	June 1 - November 27, 1998 4 nets/licensee	Individual allocations to be announced
Bass, Striped (APR)	Haul Seine: 18" minimum size	June 8 - November 27, 1998 1 net/licensee	Individual allocations to be announced
Bass, Striped Flag & APR	Hook & Line: 18" minimum size	June 15 - November 27, 1998 Tues, Wed, Thurs	No more than 4 fishers/boat, 2 crew/licensee
Bass, Striped APR Subject to 48 hr notice	Bay Drift Gill Net: 18" minimum size	November 2, 1998 - February 28, 1999	1998-99 Quota = lbs
Bass, Striped APR	Ocean Trawl/Drift Gill Net: 24" minimum size	November 2, 1998 - April 30, 1999	1998-99 Quota = 91,000 lbs
Bluefish	8" minimum size	OPEN YEAR ROUND	
Catfish: Blue, Channel, White	10" minimum size	OPEN YEAR ROUND	
Clam, Hard	7/8" thick	1 bushel/day/lic June 1 to Sep 15 in Worcester Co	Specific regs for gear, harvest limits, and areas
Clam, Soft	2" long	15 bu/day/boat May 15-Oct 31 8 bu Nov 1 - May 14	Cooling required April 15 - October 31
Crab, Blue	5" hard, 3.5" soft, 3" peeler	OPEN April 1 - November 30, 1998	Sunday or Monday Closed 2 Cull Rings & 1.5" mesh required in hard crab pots, Bait restrictions in Peeler Pots, Restrictions on Sponge Crab Imports
Crab, Horseshoe	NO Size Limit Permit Holders - 100 crabs/day Non-Permit Holders - 25 crabs/day	CLOSED Bays, Ocean w/in 1 Mile 4/1-6/30/98 Beyond 1 Mile - Open Mon - Fri 4/1-6/30	750,000 lb Quota in Effect as of April 98 Trawling Prohibited within 1 Mile
Conch	6" minimum size	OPEN YEAR ROUND	
Croaker	9" minimum size	CLOSED Dec. 1, 1998 - March 15, 1999	
Drum, Black	CLOSED	CLOSED Special Compensation Program	No long a Commercial Fishery
Drum, Red	18" minimum size	OPEN YEAR ROUND	5 fish/person/day, 1 fish over 27"
Eel, American	6" minimum size	OPEN YEAR ROUND	25/pers/day < 6"; minimum pot mesh required
Flounder, Summer	14" minimum size	Bay CLOSED till 1999 as of July 20, 1998	Quota & Special Permits Required
Herring	NONE	Closed June 6, 1998 - December 31, 1998	
Lobster	3 1/4" carapace measurement	OPEN YEAR ROUND	
Mackerel, Spanish	14" minimum size	OPEN YEAR ROUND	
Oysters	3" minimum size	OPEN Oct 1, 98 - Mar 31, 99 Tonging & Diving Nov 1, 98 - Mar 31, 99 Dredging	Several Areas CLOSED Consult Public Notices
Perch, White	8" minimum size	OPEN YEAR ROUND	
Perch, Yellow	8.5" min. size, 10" in Pax & Chester Rivers	No Commercial Catch in February	Many river systems CLOSED to commercial
Scup	9" minimum size	OPEN YEAR ROUND w/Catch Limits	Mesh Size Restrictions/Trap Escape Panel
Sea Trout, Spotted	12" minimum size	OPEN YEAR ROUND	Trawl & Gill Net Restrictions, revised mesh size
Shad, American & Hickory	CLOSED	BAY:CLOSED OCEAN: OPEN 2/4 - 4/30, 1998	NEW ASMFC Management Plan PROPOSED
Shark (See Species in Regs)	58" minimum total size	CLOSURE Effective 3/31 for 22 select species	4,000 lbs/boat/day, NO finning, NO longlining
Sturgeon (Atlantic & Shortnose)	CLOSED	CLOSED	CLOSED

Tautog	14" minimum size	OPEN YEAR ROUND	5 fish per day
Tuna, Bluefin	26" minimum size	CATEGORY CLOSURES IN EFFECT	Federal Fisheries Information: 888 USA-TUNA
Weakfish	12" minimum size	Chesapeake Bay: Aug 9- Sept 30, 1998 Ocean: Gill/Other Gear: Apr 1-30 & Oct 1-25, 1998 Trawl Net: Oct 18 - Nov 30, 1998 Sat & Sun Closed	Trawl & Gill Net Restrictions, revised mesh size By-Catch Restrictions

APR = Additional Permit Required
Source: Department of Natural Resources

For further information contact:

Fisheries Service
Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
(410) 260-8281
Web Site: www.dnr.state.md.us/

Forestry and Forest Conservation

Protection of forest land and regulation of forestry-related activities is undertaken by the Forest Service of the Department of Natural Resources. The regulatory activities of the service that have a direct impact on businesses include:

- licensing individuals who wish to act as tree experts (a tree expert engages in the business or work of the treatment and care of trees);
- licensing forest product businesses;
- ensuring that railroad operators take measures to prevent forest fires alongside the tracks; and
- preserving pine trees by requiring that a certain number on each site be left uncut by commercial operators.

In addition, the service ensures that highway construction projects performed by the State or supported with State funds comply with the State reforestation law. The law requires the replacement of cut or cleared forest by an equivalent area of forest on publicly owned land at a fee of ten cents per square foot.

Development impacting 40,000 square feet or more of land must be done in compliance with the State's Forest Conservation Act. The Act requires that developers obtain approval of a forest conservation plan before subdivision grading or sediment and erosion control approvals are granted. The plan must include an inventory of the natural resources on the site, protection mechanisms for existing forest, a plan for afforestation or reforestation if needed, and an agreement that either preserves forested priority areas or limits the uses of forest to those consistent with forest conservation. The amount of forest which must be retained on a site is calculated according to the size of the site and the designated land use. Higher intensity uses such as commercial or industrial uses require less retention or afforestation than low intensity uses such as resource conservation areas, when these are subject to development. Some afforestation may be required on sites which have less than the requisite minimum of forest cover. Reforestation or afforestation, if required, may be accomplished on the site, on another site, or through payment into the State or local Forest Conservation Fund.

Approval of developers' plans is generally undertaken and enforced by local planning and zoning authorities that have gained Department of Natural Resource's approval for their forest conservation program. However, if the local authority fails to submit a suitable forest conservation program to the department, the department is required to assume responsibility for the review and approval of all forest conservation plans within the jurisdiction of that local authority.

For further information contact:

Forest Service
Department of Natural Resources
E-1 Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
(410) 260-8501
Web Site: www.dnr.state.md.us/

Wildlife Management

The Department of Natural Resources estimates that the hunting industry in Maryland generates approximately \$200 million in sales annually. The department's Wildlife Management Program regulates the industry by licensing a variety of activities, sites, and professionals including taxidermy, game husbandry, falconry, regulated shooting areas, waterfowl hunting guides, and wildlife rehabilitators.

For further information contact:

Wildlife Division
Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
(410) 260-8536
Web Site: www.dnr.state.md.us/

Boating

While State regulation of the boating industry is limited, the Licensing and Registration Service of the Department of Natural Resources does

undertake some licensing and enforcement activities. The service requires marinas and other commercial interests to register in excess of two moorings placed in the waters of the State. The service also requires vessels equipped with propulsion equipment (all boats with motors) to obtain a certificate of number and all boat dealers to acquire a license.

For further information contact:

Licensing and Registration Service
Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
(410) 260-8536
Web Site: www.dnr.state.md.us/

Miscellaneous Regulation

In addition to the regulatory activities described above, the Department of Natural Resources regulates development activities within the State's critical areas through the Critical Area Protection Program. In 1984 legislation was enacted that designated the ribbon of land within one thousand feet of the mean high tide line of the Chesapeake Bay and its tributaries to the head of the tide, along with all the waters of and lands under the bay, as the critical area. The law was designed to minimize the adverse effects of existing and future development on the quality of the bay's waters and habitats and to provide land use policies which accommodate growth. The Critical Areas Program works with the 16 counties and 44 municipalities whose territories fall partially or entirely within the critical area to design, implement, and administer land use management programs that comply with the law.

For further information contact:

Chesapeake Bay Critical Areas Commission
45 Calvert Street, 2nd Floor
Annapolis, Maryland 21401
(410) 260-7516
Web Site: www.dnr.state.ms.us/

Chapter 7. Financial Institutions and Related Industries

Financial institution oversight is shared by both federal and State regulators. In Maryland, financial institutions are regulated by the Office of the Commissioner of Financial Regulation of the Department of Labor, Licensing, and Regulation. The commissioner is appointed by the Secretary of Labor, Licensing, and Regulation with the approval of the Governor and the advice and consent of the Senate. Prior to 1996 financial institutions were regulated by the Office of the Bank Commissioner and the Office of the Commissioner of Consumer Credit, both of which were part of the Department of Labor, Licensing, and Regulation. The new consolidated structure of the financial institution regulatory system in Maryland is similar to the system utilized in about 70 percent of the other states.

General Regulation (Commissioner of Financial Regulation)

The activities of Commissioner of Financial Regulation are prescribed by Titles 1 through 7, 11, and 12 of the Financial Institutions Article. In addition, the Commissioner of Financial Regulation has the authority to monitor and approve certain activities found in Title 12 and Title 14 of the Commercial Law Article, and Title 7 of the Business Regulation Article. The Division of Financial Regulation regulates banks, savings banks, trust companies, credit unions, money transmitters, consumer loan companies, sales finance companies, installment loan lenders, credit service businesses, debt collection agencies, mortgage lenders, brokers, retail sellers of goods and services who provide retail credit accounts, retail installment contracts, credit services businesses, and credit grantor contracts.

The Division of Financial Regulation is divided into two divisions: the Banking Unit and the Consumer Credit Unit. The Banking Unit supervises Maryland's State-chartered banks and credit unions to assure their safety and soundness. Further, the Banking Unit approves organizational changes within the financial institutions, and licenses sellers of travelers checks and money orders. The Consumer Credit Unit licenses consumer loan companies, sales finance companies, and installment loan and mortgage lenders. Additionally, it handles complaints and answers questions from the public concerning charge accounts, credit cards, installment sales contracts, automobile repossessions, foreclosures, credit bureaus, credit reports, and discrimination in granting credit.

For further information contact:

Division of Financial Regulation
Department of Labor, Licensing, and Regulation
500 North Calvert Street
Baltimore, Maryland 21202
Banking Unit: (410) 230-6102
Consumer Credit Unit: (410) 230-6084
Web Site: www.dllr.state.md.us/finance/

Banks, Trust Companies, and Bank Holding Companies

Three types of banking charters are supervised by the Division of Financial Regulation: commercial banks, savings banks, and trust companies. Commercial banks offer a full range of banking services and are organized as a stock corporation with certain minimum capital requirements. In 1998 the General Assembly altered the process by which a national banking association, a federal stock savings and loan association, or a federal stock savings bank may convert to a State-chartered commercial bank. The law clarifies when these financial institutions may convert to a State-chartered commercial bank, and streamlines the application process by eliminating the requirement that the converting institution first form as a State-chartered savings and loan before ultimately converting to a State-chartered commercial bank.

Savings banks originally were chartered as mutual associations to encourage thrift among individuals and provide residential mortgages. Maryland law requires State-chartered savings banks to be mutually owned by their depositors,

while federal thrift institutions may be owned by either stockholders or depositors.

Full service trust companies offer a full range of banking and trust services while nondepository trust companies offer only trust services and are not insured by the Federal Deposit Insurance Corporation (FDIC).

Shared Regulatory Oversight

State-chartered banks and trust companies are examined no less frequently than once every 18 months by the Commissioner of Financial Regulation. As of September 1998, there were 71 State-chartered banks and trust companies. The FDIC also may examine any insured bank and the Federal Reserve Bank of Richmond may examine State banks that are members. Both agencies accept State examinations in lieu of conducting their own. State-chartered nondepository trust companies are examined solely by the Commissioner of Financial Regulation.

National banks are chartered by the U.S. Comptroller of the Currency, the counterpart of the State regulator. Membership in the Federal Reserve System, however, is mandatory for national banks and optional for State-chartered banks. Further, federal savings banks are chartered and supervised by the Office of Thrift Supervision and insured by the Savings Association Insurance Fund (SAIF), a subsidiary of the FDIC.

Bank Holding Companies

Under federal law, any entity that owns or controls 5 percent 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 approves acquisitions and subsidiaries 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. However, most states, including Maryland, have enacted legislation that requires a state to expressly permit the acquisition of a bank or bank holding company by an out-of-state institution.

In 1994 the United State's Congress enacted the Riegle-Neal Interstate Banking and Branching Efficiency Act, which greatly expanded the right of banks to engage in interstate banking and branching subject to some limited State regulation. The Riegle-Neal Act became effective September 29, 1995, and repealed the states' authority to limit bank acquisitions by out-of-state bank holding companies. One of the primary purposes of the federal law was to create a seamless, nationwide banking system that allows customers to bank more easily across state lines.

In response to the Riegle-Neal Act, the Maryland General Assembly adopted Chapter 213 of 1995, which repealed provisions of Maryland law relating to the acquisition of stock in banks located in Maryland by out-of-state bank holding companies and regional reciprocal interstate banking acquisitions. Chapter 213 establishes an application and approval process through the Commissioner of Financial Regulation for bank holding companies that want to acquire Maryland banks or Maryland bank holding companies.

Chapter 213 also allows an out-of-state bank to establish branches in Maryland and a banking institution in Maryland to establish branches within or outside of Maryland. A banking institution in Maryland may establish a branch in another state by any means permitted by the laws of that state or by federal law. A banking institution that establishes a branch in another state may exercise at that branch all powers and rights permitted to banks in that state unless the Commissioner of Financial Regulation determines that the exercise of a power or right would threaten the safety and soundness of the banking institution.

Credit Unions

Credit unions are nonprofit, financial cooperatives composed of members who share a common bond. They encourage savings and provide loans at attractive interest rates for their members.

As of September 1998, there were 12 State-chartered credit unions operating in Maryland. The State-chartered credit unions are regulated by the Financial Regulation Commissioner and the federally-chartered credit unions by the National Credit Union Administration.

Federally-Chartered Credit Unions

The National Credit Union Administration (NCUA) was established in 1970 as an independent agency in the executive branch of the federal government. Its purpose is to charter, supervise, examine, and insure all federally-chartered credit unions and to insure those State-chartered credit unions that apply and qualify for NCUA coverage. The administration conducts annual examinations of all federal credit unions.

NCUA administers the National Credit Union Share Insurance Fund which protects credit unions members' deposits up to \$100,000. Each insured credit union is required to keep 1 percent of its insured savings on deposit with NCUA.

For further information contact:

National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
(703) 518-6300
Web Site: www.ncua.gov

State-Chartered Credit Unions

The Commissioner of Financial Regulation charters, supervises, and examines all State-chartered credit unions. Each credit union is examined no less frequently than once every 18 months and reports are shared with the insurer, and either the National Credit Union Administration or the local Credit Union Insurance Corporation. The corporation is required to provide insurance on the same basis and to the same extent and amount as its federal counterpart.

For further information contact:

Division of Financial Regulation
Department of Labor, Licensing, and Regulation
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6102
Web Site: www.dllr.state.md.us/finance/

Consumer Credit

The Commissioner of Financial Regulation is responsible for licensing consumer loan companies, installment lenders, mortgage lenders, sales finance companies, and debt collection agencies. Exhibit 7.1 shows the number of licenses issued by the commissioner in 1997.

Exhibit 7.1 Financial Regulation Licenses FY 1997

	<u>1997</u>
Sales Finance	507
Consumer Credit	223
Installment Loan	531
Collection Agency Licensee	849
Mortgage Lenders	2,233
Mortgage Services	283
Commercial Lenders/Brokers	100

Consumer Loans

The Commissioner of Financial Regulation licenses individuals, corporations, business trusts, estates, trusts, partnerships, associations, and two or more persons having a joint or common interest. 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.

A lender under the Maryland consumer loan law must have a license. To qualify for a license, an applicant must meet certain requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner 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. Additionally, the applicant must submit a \$1,700 biennial licensing fee and a \$100 investigation fee and file a surety bond (\$12,000 initial amount) with the commissioner. The surety bond is for the benefit of the State and for any person who has a cause of action against the applicant under the Maryland consumer loan law.

Installment Loans

Installment loans are loans or extensions of credit made for consideration, and are regulated under three separate sections of the Commercial Law Article:

- Section 12-103 (a) (3) or (c) - unsecured or secured loans - not secured by a savings account or residential real property;
- Section 12-900 - revolving credit plans; and
- Section 12-1000 - closed end credit plans.

Licensure by the commissioner is required to engage in the business of making installment loans or to make more than five installment loans in a year. A license is not required for a person not engaged in the business of making installment loans who makes five or fewer such 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.

Installment loans made under any of the permitted lending statutes provide for a maximum rate of interest not in excess of 24 percent per year on the unpaid principal balance of the loan. However, the terms and security permitted may be restricted by the lending law under which the loan is made. An applicant for an installment loan license must submit a \$1,700 biennial licensing fee and a \$100 investigation fee and file a surety bond (\$12,000 initial amount) with the commissioner.

Mortgage Loans

A licensed mortgage lender may broker, make, or service a loan or other extension of credit secured by a lien on

residential real property, under the provisions of the Commercial Law Article (Section 12-103(b), Title 12, Subtitles 4, 9, or 10). The mortgage may be categorized as a first or second mortgage loan, a secured open-end line of credit, or a closed-end mortgage or refinance.

A mortgage loan means any loan or other extension of credit secured in whole or in part by an interest in residential real property in Maryland if made in any amount for personal, household, or family purposes, or if for commercial purposes not in excess of \$75,000.

Licensing does not apply to financial institutions that take deposits, insurance companies, or federal corporations and other entities under certain circumstances. License applicants must submit certain forms and fees (a \$1,000 biennial license fee and a \$100 investigation fee) and meet certain bond requirements (\$15,000 surety bond). New or renewal licensees must file a surety bond with the commissioner to protect against violations committed by a licensee. Licenses expire at the end of each year and may be renewed on an annual basis.

There is no maximum rate for first mortgages made in compliance with Section 12-103(b). All other loans secured by an interest in residential real property are subject to a maximum rate of 24 percent simple interest per annum computed on the unpaid principal balances outstanding.

In 1996 the Commissioner of Financial Regulation convened an ad hoc workgroup to review the State's mortgage broker and lending laws. The recommendations of the workgroup were embodied in Chapter 588 of 1997. The Act made a number of significant changes in the law to enhance the power and authority of the commissioner over mortgage brokers and lenders where appropriate. Chapter 588 provided significant additional measures designed to enhance consumer protection, such as:

- increasing bond requirements for mortgage brokers;
- enhancing experience requirements for brokers;
- requiring criminal background checks for broker applicants;
- reducing the number of loans that an individual may broker without obtaining a license;
- significantly enhancing enforcement penalties made available to the commissioner; and
- reducing duplicative licensure and oversight by the commissioner.

Secondary Mortgage Loans

A Maryland mortgage lender is permitted to make loans defined as secondary mortgage loans without any additional licensing. As these loans are substantially different from first mortgages, they are regulated differently under the lending statutes, Title 12, Subtitle 4, of the Commercial Law Article.

A secondary mortgage loan is a loan or deferred purchase price secured in whole or in part by a mortgage, security agreement, deed of trust, or other lien on real property located in the State that is subject to the lien of one or more prior encumbrances (except a ground rent) and has a dwelling on it that is designed principally as a residence with accommodations for not more than four families.

A secondary mortgage does not include:

- a loan to any corporation unless the lender required the borrower to incorporate as a condition for obtaining the loan;
- a commercial loan of more than \$75,000 which is made solely to acquire or carry on a business or commercial enterprise; or

a loan to any business or commercial organization.

In 1997 the Task Force to Examine the Mortgage Lending Business considered several controversial issues that the General Assembly had been unable to resolve during the 1997 session. As a result of the recommendations made by the task force, Chapter 760 of 1998 was enacted, which significantly reformed the secondary mortgage lending business by:

- changing the manner in which origination point may be charged by a lender on secondary mortgage loans by replacing the separate 2 percent interest cap for the lender and the additional 8 percent interest cap for broker fees with a combined points cap of 10 percent for broker and lender fees;
- eliminating a dual licensing requirement by specifying that lenders who have some form of consumer lending license do not also need an installment loan license;
- allowing a prospective borrower to receive an application for a mortgage loan by mail, telephone, electronic means, or at a location requested by the borrower, and requiring that loan closing be conducted at the lender's location, the title insurer's office, the attorney's office, or another location requested by the borrower on account of sickness;
- requiring the commissioner to adopt regulations establishing continuing education requirements for mortgage lenders; and
- expanding felony fraud penalties to include an employee or agent of a mortgage lender who willfully misappropriates or intentionally converts a borrower's money, and making a lender or its employees or agents who otherwise commit a fraudulent act in the course of engaging in the mortgage lending business subject to the fraud penalties.

For further information contact:

Commissioner of Financial Regulation
Department of Labor, Licensing, and Regulation
500 North Calvert Street, Room 402
Baltimore, Maryland 21202
(410) 230-6100
Web Site: www.dllr.state.md.us/finance/

Sales Financing

A sales finance company includes an individual, corporation, business trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal or commercial entity that is engaged 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.

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 a collateral security or keeps a security interest. A retail credit account transaction is an agreement for the retail sale of goods or services which 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 or dwelling place 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 submits a \$250 biennial license fee and a \$100 investigation fee. A separate license is required for each place of business. Local licenses are prohibited. State and national banking institutions are exempt from licensure.

Debt Collection

A debt collection agency is defined as any person directly or indirectly engaged in the business of collecting for others a claim due to a seller, lender, holder, or creditor. Claims are defined as transactions involving a Maryland resident seeking or acquiring real or personal property; services; money; or credit for personal, family, or household purposes.

A collection agency includes any person who provides a system of letters or forms used in the collection of claims that assert, directly or indirectly, that the claims are collected by a person other than the creditor or owner of the claim. A person may not engage in the business of a collection agency in this State without first submitting a \$400 biennial license fee and filing a surety bond (\$5,000) with the commissioner. If an applicant operates several places of business, separate applications for licenses must be made for each place of business.

The Collection Agency Licensing Board, under the commissioner, has the power to: (1) issue, suspend and revoke licenses, and reprimand licensees; (2) receive complaints and hold hearings; and (3) mediate disputes between consumers and debt collection agencies.

Securities

Regulation of the securities market seeks to protect Maryland investors from investment fraud and misrepresentation. 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. The division administers and enforces the Maryland Securities Act, the Maryland Franchise Registration and Disclosure Act, and the Maryland Business Opportunities Sales Act. Violators of these acts are subject to administrative sanctions and civil and criminal penalties.

The responsibilities of the division include:

- reviewing and registering offerings of nonexempt securities;
- licensing and disciplining broker-dealers and agents (brokerage firms and their employee stockbrokers) who do business in the State, regardless of their home base or location;
- licensing investment advisers and financial planners (firms and individuals) who do business in the State (effective October 1990) and overseeing their conduct and standards of practice;
- 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 Market Improvement Act of 1996 reallocated the regulatory authority of the federal Securities and Exchange Commission and the states. Because the federal act preempted certain Maryland registration laws including fee provisions, the General Assembly made several changes in 1997 to the Maryland Securities Act to conform Maryland law to the federal act.

To implement the division of regulatory authority imposed by the federal act, Maryland law was revised to create a category of "federal covered advisers," defined as a person registered under Section 203 of the federal Investment Advisers Act of 1940, and a category of "federal covered securities" which includes mutual funds, securities listed on national exchanges, and limited offering private placement securities. Under the revised Maryland law, federal covered advisers and federal covered securities are exempt from State registration laws, although a system of notice filing and

notice filing fees that are equivalent to the prior registration fees is substituted. Other revisions to Maryland law include the establishment of uniform reporting, record keeping, and bonding requirements for broker-dealers and investment advisers consistent with the 1996 federal act.

The activities of the division are summarized in Exhibit 7.2.

Exhibit 7.2
Securities Division Statistics
FY 1996-1997

Category	1996	1997
Broker/Dealer Registrations (firms)	1,800	1,800
Agent Registrations (stockbrokers)	76,300	76,500
Investment Advisers (firms)	1,100	1,200
Investment Adviser Representatives	10,600	13,800
Securities Registration Filings	11,300	15,900
Franchise Registration	750	750
Business Opportunity Filings	43	39
Registration Fees and Fines	\$12.1 million	\$14.1 million
Active Case Investigations and Inquiries	767	1,052

Source: Securities Division of the Office of the Attorney General

Registration of Securities, Broker-Dealers, and Agents

The Maryland Securities Act, 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 that they adequately disclose to potential purchasers the risks of the investment and other important factors relevant to a consumer's decision to purchase. The annual fee to register as a broker-dealer (a brokerage firm which employs agents) is \$250; the annual fee to register as an agent (an individual stockbroker) is \$35. Broker-dealers are required to maintain records of transactions for the division's inspection.

The registration of a securities offering or an initial registration of a mutual fund or unit investment trust requires the payment of a \$500 fee. The annual fee for a registration of a public offering or a renewal or completion of a mutual fund or unit investment trust is one-tenth of 1 percent of the aggregate offering price of the shares offered, although minimum and maximum fees apply.

A limited number of securities transactions are exempt from registration, including: (1) a small Maryland business raising less than \$100,000 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 the federal Regulation D filing requirements, which exempt certain smaller transactions from registration.

Investment Advisers and Financial Planners

Subject to the requirements of the National Securities Markets Improvement Act of 1996, investment advisers and financial planners must also register with the division under the Maryland Securities Act. In addition, Maryland law requires registration of employees of an investment adviser (called "investment adviser representatives") who have contact with clients concerning investment financial advice.

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 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, a franchiser that intends to sell franchises within Maryland or to Maryland residents must register its franchise offering with the division.

As part of the registration process, a franchiser 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 ten business days prior to the execution of a franchise agreement.

The fee for an initial registration is \$500, which must be renewed annually for \$250. The fee to amend a registration statement is \$100; the fee to apply for an exemption from registration is \$250.

Business Opportunities

The Business Opportunities Sales Act regulates the sale of business opportunities by requiring that sellers make certain filings prior to advertising or making representations to prospective purchasers. "Business opportunities" are prepackaged small business deals offered mainly to novice entrepreneurs through classified ads, home seminars, and business opportunity expos. 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 ten business days before a purchaser enters into an agreement.

The fee for a business opportunity filing is \$250, which must be renewed annually for \$100. 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 Exchange Commission performs this function on the federal level. The fee for an interpretive opinion is \$100.

Arbitration of Customer Complaints and Disputes

Federal law requires that all brokers operating in interstate commerce belong to the National Association of Securities Dealers, Inc. The association sponsors an arbitration forum for the resolution of disputes that involve public customers, broker-dealers, or persons associated with broker-dealers.

For further information contact:

Maryland Division of Securities
Office of the Attorney General
200 St. Paul Place, 21st Floor
Baltimore, Maryland 21202-2020
(410) 576-6360
Web Site: www.oag.state.md.us/securities

Securities and Exchange Commission
Office of Consumer Affairs and Information Services

450 5th Street, N.W.
Washington, D.C. 20549
1-800-SEC-0330
Web Site: www.sec.gov

National Association of Securities Dealers, Inc.
Arbitration Department
NASD Financial Center, 8th Floor
New York, New York 10004
(212) 858-4000
Web Site: www.nasdr.com/

Chapter 8. Insurance

The insurance industry offers protection against the damaging consequences of an unexpected loss by distributing the risk among consumers. To protect the financial stability of consumers, insurance is subject to intense regulation by the Maryland Insurance Administration.

Insurance Administration

The Insurance Administration achieved independent status as a result of legislation enacted during the 1993 session. From 1970-1993, the Insurance Administration was a division of the Department of Licensing and Regulation. The Insurance Commissioner directs the Insurance Administration and ensures that all laws of the State governing insurance companies or relating to the business of insurance are faithfully executed. The administration is accredited by the National Association of Insurance Commissioners.

The administration is organized into the following functional sections: examination and auditing; life insurance and health insurance; property insurance and casualty insurance; consumer complaint investigation; licensing and licensing compliance and investigation; personnel and consumer services; and insurance fraud.

The administration's specific regulatory functions include:

- authorizing and licensing insurance companies, agents and brokers, adjusters and advisers, premium finance companies, and motor clubs;
- assuring adequate insurance protection at reasonable costs;
- assessing, levying, and collecting taxes on insurance premiums and other fees;
- investigating/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 types of insurance that are subject to regulation are:

- property and casualty, including fire, burglary, general liability, motor vehicle, inland marine, commercial multi-peril, fidelity-surety, title, and homeowners; and
- life and health, including variable products, credit, medigap, and specified diseases.

The following sections describe the regulatory structure of the insurance industry in Maryland and explain the primary functions of the administration.

Regulatory Structure

Maryland insurance laws require insurance companies to be licensed and comply with company formation and financial standards in order to offer insurance in Maryland. Insurance companies must maintain an adequate level of assets, capital, and surplus reserves, and are prohibited from engaging in unfair or deceptive methods of pricing or

marketing insurance policies.

Insurance may be provided by domestic insurers formed under the laws of Maryland, by foreign insurers formed under the laws of another state, or by alien insurers formed under the laws of another country. An estimated 7 percent of the insurance companies operating in Maryland are domestic companies; the remainder are foreign and alien companies.

Authorized insurers are licensed by the Insurance Administration to write policies in the State, while surplus line carriers 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 insurance plans (i.e., Blue Cross/Blue Shield), health maintenance organizations (HMOs), 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 claims solicited, issued, and delivered outside of Maryland.

The Property and Casualty Guaranty Corporation provides a mechanism for the payment of unpaid property and casualty claims to residents of Maryland who are policyholders of insolvent insurers. It 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 provides similar protection to unpaid health, life and annuity claims made to insolvent insurers, health maintenance organizations, fraternal benefit societies, State pooling plan mutual assessment companies, or insurance exchanges. 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 Paid by Insurance Companies

All insurance companies are assessed taxes and fees that are levied and collected by the administration. Prior to October 1998, a premium tax rate of 2 percent was imposed on almost all policy premiums written by authorized insurance companies. A review during calendar year 1997 of the prior assessment mechanism indicated that the cost of regulation approximated the total level of fee revenue; however, the correlation was achieved without a mechanism to force parity between fees and regulatory services. As a result of 1998 legislation, the assessment mechanism was altered so that the total insurance assessment would equal the approved administration budget minus the amount of fees that the administration collects; this assessment cannot exceed 40 percent of the administration's approved budget appropriation. The premium tax for each carrier is based on a calculation that first determines what portion of total premiums written by all carriers within a particular line has been written by that particular carrier. Of the total assessment, property and casualty insurers pay 27.5 percent; life insurers pay 27.5 percent; and health insurers pay the remaining 45 percent.

A tax rate of 3 percent is imposed on all premiums placed by licensed surplus line brokers and unauthorized insurance companies. A retaliatory tax is imposed on foreign insurers whose state or charter requires the payment of a higher rate than that levied by Maryland.

In addition to the tax assessment on insurers, the administration collects fees for agent and broker filings and licensing, form filings, certificate of authorities, financial and market conduct examinations, insurance fraud, and fines and penalties.

The taxes and fees collected by the administration are summarized in Exhibit 8.1.

Exhibit 8.1
Taxes and Fees Collected
(\$ in Thousands)
FY 1996-1997

	1996	1997
Premium and Retaliatory Taxes	\$165,810	\$165,805
Agent/Broker Licensing Fees	7,785	5,347

Rate and Form Filing Fees	1,859	1,785
Insurance Company Examination Fees	1,824	2,129
Insurance Fraud Prevention Fee	1,517	2,052
Valuation Fee	1,410	1,408
Insurance Company and Agent Fines	1,081	1,468
Company Licensing Fees	<u>1,076</u>	<u>1,014</u>
Total	\$182,362	\$181,008

Source: Maryland Insurance Administration

Rates, Policies, and Forms Review

Rates, policies, and forms are filed with the Insurance Commissioner along with policy endorsements and any modifications which an insurer proposes to use. During fiscal 1997, over 25,400 filings were processed.

The Commissioner regulates rates by reviewing proposed rate changes initiated by the insurance companies; the Commissioner does not make or initiate rate changes. For lines of insurance other than most property and casualty, proposed policy rates must be submitted and approved by the Commissioner prior to their use; however, proposed rates that are submitted 90 days prior to implementation are deemed approved if not denied within 30 working days of filing. This "prior approval" system was also used for most property and casualty insurance until 1997 when legislation was enacted to reinstate a "competitive rating system" that had previously been in effect for this line of insurance from 1984 to 1989.

For property and casualty insurance (including automobile, homeowners, and workers' compensation), insurers are allowed to "file and use" rates without the prior approval of the Commissioner. The Commissioner still reviews rates to ensure they are adequate, but not excessive. To dispute the proposed rates as excessive or unfairly discriminatory, the Commissioner need not determine whether there is a reasonable degree of competition. Regulations set forth a procedure based on an expected loss ratio and percent increase to determine if the rate is excessive and 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.

Forms used by insurers must also be approved by the administration. As a result of 1998 legislation, health maintenance organizations and nonprofit health service plans are allowed to "file and use" certain insurance product forms. The Commissioner anticipates studying the feasibility of allowing other insurers this same flexibility.

Licensing, Examination, and Auditing of Insurance Companies

The Examination and Auditing Section of the Insurance Administration licenses, examines, and audits insurance companies conducting business in Maryland. These domestic and foreign insurers include: life, health, property, and casualty insurers; and HMOs, nonprofit insurers, dental plans, and automobile motor clubs. A comprehensive list of insurers authorized to conduct business in Maryland is maintained by the section. Every insurer's certificate of authority (license to conduct business in the State) is renewed annually.

Insurers must be examined not less frequently than every five years. Through financial examinations (and actuarial examinations for life insurers), the Commissioner examines the affairs, transactions, accounts, records, and assets of each insurer applying for a certificate of authority. This includes 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 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.

This section also participates in 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 are summarized in Exhibit 8.2.

Exhibit 8.2
Licensing, Examination, and Auditing of Insurers
FY 1996-1997

	<u>1996</u>	<u>1997</u>
Licensing of Companies:		
Original Certificates Issued	38	42
Renewal Certificates Issued	1,418	1,451
Types of Companies Regulated:		
Life	580	581
Property and Casualty Companies	787	802
Not for Profit	10	9
Title Companies	25	23
Fraternal Insurance Companies	30	30
Health Maintenance Organizations	24	23
Risk Retention Groups	48	44
Dental Plans	12	10
Surplus Line Carriers	108	113
Accepted Unauthorized Reinsurers	115	113
Workers' Compensation Self-Insurers	7	7
Motor Clubs	34	32
MCOs (financial only)	--	5
Companies Examined (Completed):		
Domestic Insurance Companies	33	26
Foreign Insurance Companies	1	--
Health Maintenance Organizations	2	7
Surplus Line Brokers	--	--
MCOs	--	5
Annual Statements Filed	1,768	1,738

Source: Maryland Insurance Administration

Life and Health Insurance

Life and health insurance includes life, health, small group health benefit plans, health maintenance organizations, annuity, dental plans, and long-term care.

The Life and Health Section and the Office of the Chief Actuary regulate this segment of the market in order to protect

the public welfare. The Insurance Administration attempts to ensure the financial stability and solvency of domestic life and health insurers by enforcing the provisions of all applicable insurance laws. This is accomplished by reviewing rates and forms, performing actuarial and market conduct examinations of insurance companies, and investigating complaints from policyholders.

Initial rate filings are reviewed to ensure that the rates are not excessive, inadequate, or unfairly discriminatory. Life insurance and annuity actuarial memoranda 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 and life illustrations delivered with life insurance sales presentations are reviewed for compliance.

Market conduct examinations (nonfinancial activities) of life and health insurers are performed both on-site and at the administration to determine the company's general business practice and compliance with insurance laws and regulations concerning premium rates, underwriting practices, advertising and marketing, processing of claims, and treatment of policyholders. The Market Conduct Unit assesses the company the cost of conducting the examination and administrative penalties for violations discovered during an examination. Agents and unauthorized entities are also investigated for compliance with State law.

During the fiscal 1996 - 1997 period, complaints about treatment by an insurer were investigated by the Inquiry and Investigation Unit of the Life and Health Section, which acted on behalf of policyholders, beneficiaries, and complainants to recover money where an insurer denied or delayed payment.

In September 1997 the Inquiry and Investigation Unit of the Life and Health Section was combined with the Inquiry and Investigation Unit of the Property and Casualty Section to form the new Consumer Complaint Investigation Section. According to the Insurance Administration, the purpose of the reorganization is to ensure the best possible service to consumers in investigating and resolving complaints.

As a result of 1998 legislation, health insurers, nonprofit health service plans, dental plan organizations, and HMOs are required to establish an internal grievance procedure for their enrollees. The carriers' internal grievance process must be exhausted before a complaint may be filed with the Commissioner.

The activities of the Life and Health Section are summarized in Exhibit 8.3.

Exhibit 8.3
Life and Health Insurance Regulatory Data
FY 1996-1997

	<u>1996</u>	<u>1997</u>
Forms received:		
Life Insurance	5,128	4,037
Health Insurance	9,465	9,443
Annuity	2,276	2,324
Credit	503	381
IUBC	100	71
Reports Received	582	607
Rate Filings	564	561
Actuarial Memos Reviewed	1,088	800
Rate Deviations	234	143
Inquiries from the Public	2,225	3,980
Calls from Insurance Companies	8,620	6,804
Letters Written	10,000	12,751
Market Conduct Investigations:		

Assessment Billed to Companies	\$439,982	\$707,885
Penalties Collected	\$900,000	\$1,129,200
Agent/Agency Investigations:		
Investigations Assigned	835	293
Investigations Closed	442	160
Revocations	14	19
Fraud Cases Closed	26	21
Complaints:		
Received from Citizens, Providers, & Organizations	4,593	5,118
Handled to Conclusion	4,551	4,767
Funds Recovered from Concluded Complaints	\$4,892,931	\$4,497,222

Source: Maryland Insurance Administration

Property and Casualty Insurance

Property and casualty insurance includes automobile, homeowners, workers' compensation, fire, property, casualty, surety, title, mortgage guaranty, and liability.

The Property and Casualty Section regulates the rates charged and the forms used by insurance companies and performs market conduct examinations of insurance companies.

All licensed companies are required to file with the administration policy forms, endorsements, rates, rating plans, rating rules, and amendments to any of these items. This regulation protects the public by ensuring that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Maryland Insurance Article. The Insurance Reform Act of 1995 authorizes insurers to use rates for certain lines of insurance without prior approval of the Commissioner. However, rates for surety, title, medical malpractice, and insurance provided by the Maryland Automobile Insurance Fund remain subject to the approval process of the Commissioner prior to their use. As a customer service, the Form and Rate Review Unit provides data for the various rate guides for homeowners, personal automobile, and workers' compensation coverages.

Market conduct examinations are performed to assure that trade practices are not in violation of the Maryland Insurance Article. Sales and advertising, underwriting, rating, claims, and complaints are reviewed for each company to determine fairness and legality in dealings with policyholders and insurance consumers. Examinations and investigations of personal and commercial lines, premium finance companies, and agents and agencies are performed at their respective home and branch offices. The Market Conduct Unit assesses the company the cost of conducting the examination and administrative penalties for violations discovered during an examination.

Insurance reform legislation in 1995 required all major insurers of private passenger automobiles who do not have an adequate market share in Baltimore City as of August 1996 to file marketing plans with the Commissioner. Eight insurers were requested to submit information regarding advertising, distribution methods, agent appointments, agent compensation, growth and loss ratio targets, surcharge plans and company tiering, underwriting guidelines, use of market surveys, and rate changes.

During the fiscal 1996 - 1997, complaints of policyholders and the public about policy contracts, payment of claims, nonrenewal of policies, and other insurance problems were investigated by the Inquiry and Investigation Unit of the Property and Casualty Section. The unit reviewed motor vehicle and homeowners insurance cancellations and nonrenewals to ensure that they were not made without valid cause. The unit's services generally resulted in the continuation of coverage, the return of premiums to insureds, or the settlement of claims.

In September 1997 the Inquiry and Investigation Unit of the Property and Casualty Section was combined with the

Inquiry and Investigation Unit of the Life and Health Section to form the new Consumer Complaint Investigation Section. According to the Insurance Administration, the purpose of the reorganization is to ensure the best possible service to consumers in investigating and resolving complaints.

The activities of the Property and Casualty Section are summarized in Exhibit 8.4.

Exhibit 8.4
Property and Casualty Regulatory Data
FY 1996-1997

	<u>1996</u>	<u>1997</u>
Filings:		
Forms Filed	1,956	2,044
Rates Filed	2,230	2,456
Fees Collected from Filings	\$593,122	\$582,800
Premium Financing Company Registrations	126	129
Motor Clubs Operating	33	33
Market Conduct - Insurance Companies:		
Examinations Completed	35	26
Examinations in Progress	69	71
Examination Expenses Received	\$382,584	\$225,786
Administrative Penalties Assessed	\$155,000	\$120,500
Money Returned to Maryland Residents	\$21,262	\$36,787
Agent/Agency Investigations:		
Examinations Completed	132	150
Examinations in Progress	83	203
Administrative Penalties Ordered	\$138,225	\$134,985
Restitution/Refunds Ordered	\$251,485	\$307,422
Money Recovered	\$273,747	\$40,470
Licenses Revoked	39	44
Licenses Suspended	8	33
Premium Finance Companies:		
Examinations Completed	0	2
Examinations in Progress	3	1
Examination Expenses Received	\$0	\$672
Complaints:		
Automobile Insurance Protests Received	6,358	7,476
All Other Complaints Received	6,409	6,717
Money Recovered from Concluded Complaints	\$1,948,774	\$2,463,871

Source: Maryland Insurance Administration

Licensing Enforcement and Consumer Services

The Licensing Unit licenses and investigates agents, brokers, advisers, and adjusters. The Personnel and Consumer Services Section provides insurance education information and other consumer services to the general public.

Within the Licensing Unit, a Licensing Section ensures that insurance agents, brokers, surplus line brokers, advisers, public adjusters, and motor club representatives take the examination and obtain the necessary education and training to qualify for a certificate of qualification (license) for the insurance products they intend to sell or negotiate. Non-resident agent and broker licenses are also issued to corporations, partnerships, limited liability companies and individuals. The section also processes insurance company requests for agent appointments and terminations and issues letters of certification or clearance for Maryland resident agents and brokers applying for licenses in other states.

Since April 1997 the processing of all application forms and all appointments and appointment terminations has been done by Assessment Systems, Inc., a private corporation under contract with the Insurance Administration. Assessment Systems, Inc. also administers qualifying examinations for various certificates of qualification.

When advisable to determine compliance with the insurance law, the commissioner may examine the accounts, records, documents, and transactions that relate to the insurance affairs or proposed insurance affairs of: (1) an agent, broker, surplus lines broker, general agent, adjuster, public adjuster, or adviser; (2) a person who manages or controls an insurer; (3) a person that, for purpose of controlling the management of a domestic insurer, holds shares of stock; and (4) a person assisting with the promotion or formation of a domestic insurer or insurance holding company.

Within the Licensing Unit, a Compliance and Investigation Section monitors and investigates continuing education courses for agents being offered by insurers and private organizations; prepares executive profiles of officers, directors, and major stockholders (ownership or control of 10 percent or more of the company's equity) of insurance companies; and conducts background investigations of all individuals applying for an agent or broker license.

The Personnel and Consumer Services Section distributes publications to increase consumer understanding of private insurance products. These include: (1) insurance premium rate guides for automobile, health, homeowners, and Medicare supplemental insurance products; and (2) quarterly newsletters describing the law's requirements. The staff from the Section's Consumer Outreach Program travels throughout the State to meet with consumers.

The activities of the Licensing Unit and the Personnel and Consumer Services Section are summarized in Exhibit 8.5.

Exhibit 8.5
Licensing and Consumer Services
FY 1996-1997

	<u>1996</u>	<u>1997</u>
New Licenses:	NA	
Agent and Brokers		10,362
Surplus Line Brokers		26
Insurance Adviser		11
Public Adjuster		2
Motor Club		396
Third Party Administrator		11
Renewal Licenses:	NA	
Agent and Brokers		22,692
Surplus Line Brokers		93
Insurance Adviser		1
Public Adjuster		0
Motor Club		2,146
Third Party Administrator		241
Licensing Revenues:	NA	
New License Fees		\$331,989
Renewal License Fees		\$1,575,249

Appointments:

Issued (Original and Temporary)	80,631	82,550
Terminated	29,531	17,441
Fees Collected from Appointments		\$1,962,700
License Examinations Administered	8,377	11,958
Continuing Education Courses Approved	1,116	769
Background Investigations	143	152
Executive Profiles	914	981
Consumer Information Field Trips:		
Miles	NA	32,000
Number of Sites Visited	114	120
Number of Subdivisions Visited	16	14

NA: Not Available

Source: Maryland Insurance Administration

In September 1997 the Inquiry and Investigation Unit of the Life and Health Section was combined with the Inquiry and Investigation Unit of the Property and Casualty Section to form the new Consumer Complaint Investigation Section. Refer to Exhibit 8.3 for information on life and health insurance complaints and to Exhibit 8.4 for information on property and casualty insurance complaints.

Insurance Fraud

Insurance fraud exceeds an estimated \$1.35 billion nationally. Estimates of fraud range from 5 percent to 25 percent of all claims made. The Insurance Fraud Division's mandate is to investigate complaints of fraudulent insurance acts and, where appropriate, initiate the prosecution of those committing such acts. The division investigates complaints from both insurance companies and members of the general public. The division is required to notify the appropriate professional licencing 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 in an attempt to inform the public of the cost of insurance fraud and encourage the reporting of fraudulent acts.

The insurance fraud function was created with the issuance of a 1992 Executive Order. This function was initially in the Department of Licensing and Regulation; subsequently, the General Assembly temporarily transferred responsibility to the Governor's Office and then to the Office of the Attorney General. With the passage of 1997 legislation, the function was incorporated into the Insurance Administration, headed by an associate insurance commissioner and staffed by members of the Insurance Administration, the State Police, and the Attorney General's Office. Insurance companies 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 sanction for failing to file an antifraud plan.

The administration collects a fraud prevention fee to fund the expenses of the unit from all entities operating under the regulatory jurisdiction of the Commissioner, with the exception of premium finance companies, motor clubs, and small fraternal benefit societies. The annual fee for entities is \$1,000. Licensed or registered agents, brokers, public adjusters, insurance advisers, and third party administrators are also charged a biennial fee of \$15.

The activities of the Fraud Division are summarized in Exhibit 8.6.

Exhibit 8.6 Insurance Fraud

FY 1996-1997

	<u>1996</u>	<u>1997</u>
Fraud Activities:		
Fraud Complaints	856	1,390
Criminal Investigations Opened	342	451
Investigations Closed	190	109
Criminal Charges Placed Against Individuals	84	122
Individuals Convicted	28	46
Fraud Money Involved From Those Convicted	NA	\$7 million
Open Investigations at End of Fiscal Year	174	208
Antifraud Plans:		
Filed Plans by Insurance Companies	NA	1,505
Insurance Companies Not in Compliance	NA	63
Fraud Prevention Fee	\$1,517,498	\$2,051,740
Public Education:		
Presen. to Insurers, Associations, Law Enforcement	20	27

NA: Not Available

Source: Maryland Insurance Administration

For further information, contact:

Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202-2272
Administrator: (410) 468-2090
Toll Free: 1-800-492-6116
Web Site: www.gacc.com/mia/

Chapter 9. Health

Health care is provided to consumers through many different types of facilities and providers, the majority of which are regulated in some form by the State, often in conjunction with the federal government. The State agency primarily responsible for regulating health care facilities and providers is the Department of Health and Mental Hygiene. This chapter describes the various regulatory functions performed by or associated with the department.

Health Care Regulatory Commissions

Health Resources Planning Commission

The Health Resources Planning Commission (HRPC) is an independent commission that functions within the department and is responsible for promoting and developing the health care systems in the State in order to ensure that accessible and affordable health care is provided to Marylanders. The commission maintains the State Health Plan, which is updated at least every five years. In addition, the Health Resources Planning Commission conducts the Certificate of Need process, which is designed to determine whether many proposed new services, expansion plans, and large capital expenditures in health care institutions are justifiable. Exhibit 9.1 shows the commission's action regarding Certificates of Need during fiscal 1996-1997.

Exhibit 9.1 Certificate of Need Actions FY 1996-1997

	<u>1996</u>	<u>1997</u>
Exemptions/Mergers/Consolidations/Closures	4	4
Applications Reviewed	69	75
Pre-Licensure Opening Reviews	8	8
Evidentiary Hearings-Projects	4	2
Modifications	1	8
Determination of Coverage	148	151

Source: *Fiscal 1999 State Budget Books*

For further information contact:

Maryland Health Resources Planning Commission
4201 Patterson Avenue, 2nd Floor
Baltimore, Maryland 21215
(410) 764-3255
Web Site: www.mhrpc.state.md.us/

Health Services Cost Review Commission

The Health Services Cost Review Commission (HSCRC) is an independent commission within the department and is responsible for establishing rates for hospital services throughout Maryland. The commission reviews hospital rate requests and is responsible for assuring hospital users that:

- the hospital's total costs are reasonably related to the services the hospital offers;
- the rates the hospital charges are reasonably related to the services the hospital offers; and

- the rates charged all patients or groups of patients are equitable.

The retention of the "Medicare waiver" is paramount to the continuation of Maryland's current rate-setting system. This waiver is the mechanism by which the federal Medicare program is authorized to pay for hospital services according to rates set by the commission. The waiver is necessary for the preservation of a payment system that approves rates that apply to all payers of hospital services and provides financing for bad debt and charity care. The impact of the rate-setting system is that Maryland's hospitals are not permitted to "cost shift" between categories of payers (i.e., charge certain payers higher rates for similar services). The retention of the waiver is dependent on Maryland's ability to keep the aggregate rate of increase in Medicare payments per hospital admissions in Maryland lower than the national rate of increase over the same period. For the test period between January 1, 1981 and December 31, 1992, the rate of increase in Maryland was 129.87 percent compared to 185.76 percent nationwide. This represents a 55.89 percentage point differential between Maryland and the nation.

However, the Health Services Cost Review Commission in its annual Disclosure Statement released in March of 1998, reported that the average cost per admission in a Maryland hospital increased at an annual rate of 4.52 percent compared to the national average of 2.31 percent. The difference of 2.21 percent represents a continuing trend that the Maryland average continues to increase faster than the national average.

For further information contact:

Health Services Cost Review Commission
4201 Patterson Avenue, 2nd Floor
Baltimore, Maryland 21215
(410) 764-2605
Web Site: www.op.state.md.us/hscrc/

Health Care Access and Cost Commission

The Health Care Access and Cost Commission was created by the General Assembly in 1993 as an independent agency within the department to implement Maryland's health care reform initiative (Chapter 9 of 1993). Specifically, the commission has been charged with the following primary functions:

- development of a comprehensive standard health benefit plan;
- creation of a database on non-hospital health care services;
- oversight of electronic claims clearinghouses;
- development of a payment system for health care practitioners using the underlying methodology of the Medicare rate system known as the resource based relative value system (RBRVS);
- encouragement of practice parameters; and
- development of quality and performance measures for HMOs.

The first stage of Maryland's health care reform initiative, known as the Comprehensive Standard Health Benefit Plan, has been implemented and is intended to improve access to health insurance for employers with between 2 and 50 employees and the self-employed. Under the plan, the benefits must be at least equal to those offered by a federally qualified HMO, and the average premium cost across all carriers may not exceed 12 percent of Maryland's average annual wage. If average rates exceed the 12 percent barrier, then HCACC must increase cost sharing or reduce the benefits.

The next stage of health care reform initiated by the commission is a system to comparatively evaluate the quality and performance of HMOs. The commission has begun to release HMO "report cards", which will place HMO quality information in the hands of consumers and employers to be used during the open enrollment periods.

For further information contact:

Health Care Access and Cost Commission
4201 Patterson Avenue, 5th Floor
Baltimore, Maryland 21215
(410) 764-3460
Web Site: www.hcacc.state.md.us/

Licensing and Certification of Facilities and Providers

Health Care Facilities

The Licensing and Certification Program enforces performance standards for several types of health care facilities to protect the health and welfare of Marylanders receiving care and treatment. The program's primary focus is ensuring that health care is delivered in a safe and sanitary environment. The program licenses or certifies over 4,000 health care facilities in the State of Maryland.

Licenses or certificates are issued to those providers deemed to be in compliance with regulatory standards as determined by on-site surveys by health care professionals. Using federal and State regulations, surveyors conduct thousands of visits per year. These inspections are unannounced and include an annual comprehensive survey, follow-up for correction of deficiencies, interim visits, and complaint investigations.

Exhibit 9.2 shows the number and type of facilities the Licensing and Certification Program inspected during fiscal 1997.

Exhibit 9.2 Health Care Facilities Inspections FY 1997

	<u>Inspections</u>	<u>Percentage</u>
Developmental Disability	1,147	50%
Nursing Homes	405	18%
Hospitals	92	4%
Laboratories	359	16%
Non-Long Term Care	<u>285</u>	<u>12%</u>
Total	2,288	100%

Source: *Fiscal 1999 State Budget Books*

For further information contact:

Licensing and Certification Program
Department of Health and Mental Hygiene
4201 Patterson Avenue, 4th Floor
Baltimore, Maryland 21215
(410) 764-2750
Web Site: www.dhmh.state.md.us/

Health Occupations

The Boards and Commissions Program regulates the various health professions in the State. The boards are responsible

for the examination, licensure, regulation, and discipline of over 200,000 health care providers. The boards also set standards of practice and continuing education requirements.

Exhibit 9.3 shows the total number of original and renewal licenses for each board and the number of complaints received by each board during fiscal 1998 and 1999.

Exhibit 9.3
Health Regulatory Boards and Commissions
FY 1998-1999

	1998		1999 (Estimate)	
	Licenses Issued	Complaints Received	Licenses Issued	Complaints Received
Acupuncture	480	11	540	10
Anatomy	NA	NA	NA	NA
Audio, Hearing Aid, and Speech	1,660	29	320	21
Chiropractic Examiners	1,830	70	2,180	70
Dental Examiners	4,270	775	5,818	700
Dietetic Practice	740	5	654	4
Electrologists	228	11	253	14
Kidney Disease	78	17	80	17
Morticians	1,556	32	1,520	38
Nursing	70,950	809	70,975	901
Nursing Home Administrators	366	27	335	25
Occupational Therapy	1,844	13	375	16
Optometry	535	26	1,087	25
Pharmacy	3,525	98	3,575	98
Physical Therapy	2,345	50	2,863	53
Physician Quality Assurance	17,037	2,505	21,134	2,600
Podiatric Medical Examiners	444	133	437	128
Professional Counselors	900	10	2,312	10
Psychologists	2,900	91	500	96
Social Work Examiners	<u>4,272</u>	<u>39</u>	<u>6,005</u>	<u>62</u>
Total	115,960	4,751	120,963	4,888

NOTE: This exhibit shows the total number of licenses, certifications, and permits issued by each board and the total number of resolved and pending complaints for each board.

NA: Not applicable. The Anatomy Board does not license or receive complaints.

Source: *Fiscal 1999 State Budget Books*

State Board of Acupuncture

The board regulates the practice of acupuncture in the State. The board reviews applications and administers examinations for the licensure of acupuncturists. For more information, contact the board at (410) 764-4766.

State Anatomy Board

The board receives notices of death of donated and unclaimed bodies and exercises exclusive control over these bodies. It also distributes cadavers equitably among the medical schools located in the State and to other programs for the promotion and application of medical science, and provides for the final disposition of bodies under the board's control. For more information, contact the board at (410) 706-3313.

State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists

The board regulates the practice of audiology, the provision of hearing aid services, and the practice of speech-language pathology in Maryland. The board issues credentials and approves candidates for licensure. The board also administers the hearing aid dispenser examination twice a year; promulgates regulations governing the practice of the three professions; monitors continuing education programs; investigates complaints against licensees; and disciplines licensees found to be in violation of the law. For more information, contact the board at (410) 764-4725.

State Board of Chiropractic Examiners

The board sets standards for the practice of chiropractic and licenses candidates. The board examines, regulates, and disciplines all chiropractors in the State and has the authority to make rules and regulations needed to maintain its standards. For more information, contact the board at (410) 764-4726.

State Board of Dental Examiners

The board examines applicants for licensure in dentistry and dental hygiene, gives radiology examinations, and issues certificates to dental assistants. The board also establishes requirements for licensure of graduates of foreign dental schools, regulates the standards of practice, and is responsible for disciplinary actions for dentists, dental hygienists, and dental assistants. For more information, contact the board at (410) 764-4730.

State Board of Dietetic Practice

The board provides for the examination, licensure, regulation, and discipline of dietitians and licensed nutritionists within the State. Its purpose is to protect the public by setting standards for the practice of dietetics and limiting the use of the title "dietitian" to individuals who meet the board's established standards. For more information, contact the board at (410) 764-4733.

State Board of Electrologists

The board is responsible for licensing, regulating, and disciplining the practice of electrology in Maryland. The board reviews applications and administers examinations for licensure of electrologists, electrology instructors, and electrology schools. For more information, contact the board at (410) 764-4702.

State Commission on Kidney Disease

The commission establishes physical and medical standards for the operation of dialysis and renal transplant centers and sets standards for the acceptance of patients into the treatment phase of the program. The commission also institutes and supervises educational programs for the public and health providers for the prevention and treatment of chronic renal disease. In addition, the commission evaluates the kidney disease program and submits an annual report to the Governor. For more information, contact the commission at (410) 764-4799.

State Board of Morticians

The board regulates the practice of mortuary science and the operation of funeral establishments. The board examines, licenses, and disciplines all morticians, funeral directors, apprentices, funeral establishments, and mortuary science business corporations operating in Maryland. A surviving spouse license may be issued to a surviving spouse of a licensed mortician or licensed funeral director whose license was in good standing at the time of death. A courtesy

card may be issued to a practitioner of mortuary science who is licensed in another state. For more information, contact the board at (410) 764-4792.

State Board of Nursing

The board regulates the practice of registered nurses, licensed practical nurses, nurse anesthetists, nurse midwives, nurse practitioners, and nurse psychotherapists by:

- examining, licensing, and renewing licenses and certifications;
- establishing standards for educational programs that prepare persons for licensure or certification;
- adopting standards for the practice of registered and licensed practical nurses and those engaged in advanced nursing practice;
- investigating all complaints received about licensees;
- prosecuting violations of the law;
- requiring employers of nurses to periodically report the names and license numbers of all persons employed or placed by them for the practice of nursing;
- monitoring impaired nurses through the rehabilitation committee;
- providing ongoing evaluation of nursing practice, education, and licensure; and
- establishing task forces to provide for assessment of trends.

Nursing staff agencies are required to register with the board and verify licensure status of all nurses they place in health care facilities. For more information, contact the board at (410) 764-5124.

State Board of Examiners of Nursing Home Administrators

The board develops, administers, and enforces examination and educational standards that must be met by individuals who seek to receive and retain a license as a nursing home administrator. The board must also conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State in order to improve the standards established for the licensing of administrators and the procedures and methods for continuing enforcement of standards. For more information, contact the board at (410) 764-4750.

State Board of Occupational Therapy Practice

The board establishes rules and regulations governing the practice of occupational therapy, including licensure; reviews applications; monitors a continuing education program; investigates suspected violations of the law; hears complaints against licensed practitioners; and conducts formal hearings of such cases. For more information, contact the board at (410) 764-4728.

State Board of Examiners in Optometry

The board regulates the practice of optometry by reviewing applications; participating in conducting national licensure examinations twice a year; issuing certificates to applicants who pass the examination; establishing rules and regulations governing the practice of the profession; monitoring a continuing education program; investigating suspected violations of the law; hearing complaints against licensed practitioners; and conducting formal hearings in such cases. For more information, contact the board at (410) 764-4725.

State Board of Pharmacy

The board licenses and regulates pharmacists and issues annual permits to pharmacies and pharmaceutical manufacturers in the State. Dangerous drugs may be sold, distributed, and dispensed only under a permit issued by the board. For more information, contact the board at (410) 764-4755.

State Board of Physical Therapy Examiners

The board licenses physical therapists and physical therapist assistants. Licensure can be obtained through an examination process or by endorsement. The board also makes and enforces rules and regulations that are necessary for the denial, suspension, and revocation of licenses and for the establishment of ethical standards and acceptable standards of practice. For more information, contact the board at (410) 764-4752.

State Board of Physician Quality Assurance

The board is responsible for the licensure and certification of physicians, cardiac rescue technicians, emergency medical technicians/paramedics, physicians' assistants, medical radiation technicians, nuclear medical technologists, respiratory care practitioners, psychiatrists' assistants, physician practitioners of acupuncture, professional corporations, and physician dispensers of prescription medications. The board also maintains a data base registry of all professionals under the authority of the board; sets educational and continuing education standards; investigates and refers complaints; and is authorized to suspend and revoke licenses. For more information, please contact the board at (410) 764-4770.

State Board of Podiatric Medical Examiners

The board regulates podiatric medical examiners by conducting examinations twice a year; issuing certificates to eligible applicants who pass an examination; providing for annual registration; monitoring continuing education programs; and disciplining licensees. For more information, contact the board at (410) 764-4785.

State Board of Professional Counselors and Marriage and Family Therapists

The board examines, certifies, regulates, and disciplines professional counselors and marriage and family therapists in the State. The board is responsible for protecting the public by setting qualifications, education, training, and experience standards for professional counselors. The board also is responsible for promoting high professional standards in the practice of counseling. For more information, contact the board at (410) 764-4732.

State Board of Examiners of Psychologists

The board is responsible for licensing psychologists and psychology associates after review of applicants' training, experience, and other qualifications. The board administers, examines, and evaluates the continuing education credits claimed by psychologists at the time of license renewal. The board also regulates standards of practice and takes appropriate disciplinary action involving licensees. For more information, contact the board at (410) 764-4787.

State Board of Social Workers

The board examines and licenses all practicing social workers in the State; establishes rules and regulations; investigates all complaints relative to negligence, incompetence, or misconduct which have been directed against a licensee; and disciplines licensees when warranted. For more information, contact the board at (410) 764-4788.

For further information on these health occupations, contact:

Boards and Commissions
Department of Health and Mental Hygiene
4201 Patterson Avenue
Baltimore, Maryland 21215
(410) 764-2750
Web Site: www.dhmh.state.md.us/

State Anatomy Board
Department of Health and Mental Hygiene
655 West Baltimore Street
Baltimore, Maryland 21201
(410) 706-3313
Web Site: www.dhmh.state.md.us/

State Board of Nursing
Department of Health and Mental Hygiene
4140 Patterson Avenue
Baltimore, Maryland 21215
(410) 764-5124
Web Site: www.dhmh.state.md.us/mbn/

Local Health Departments

Additional health-related regulation is carried out by local health departments, which are charged with licensing and inspecting food processing plants (bakeries, canneries, food manufacturing plants, etc.) and food service facilities (restaurants, pubs, etc.). Licenses must be renewed on an annual basis. A listing of the local health departments and their phone numbers is contained in Appendix 2.

Chapter 10. Alcohol and Tobacco

To protect Maryland consumers, alcoholic beverages and tobacco are regulated by the Alcohol and Tobacco Tax Unit of the State Comptroller's Office, local boards of license commissioners, and local liquor control boards. The objective of regulation in these industries is to promote moderation in consumption, as well as to generate income for the State and local governments.

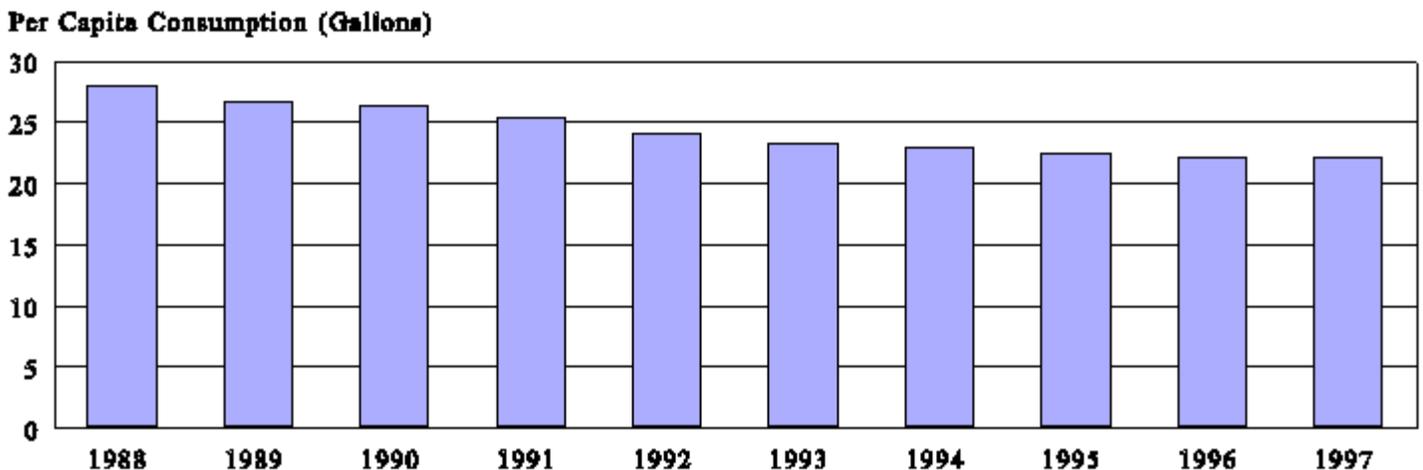
The Alcohol and Tobacco Tax Unit monitors the operation of the alcoholic beverage and tobacco industries by licensing and collecting taxes at the wholesale level. The local authorities regulate the retail level of these industries under a statutory framework established under State law.

This chapter describes consumption trends and the significance of revenues raised from the taxes and 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 cigarettes. For more information about alcohol and tobacco taxes, see *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series.

Consumption Trends

Per capita consumption of alcoholic beverages in Maryland equated to more than 21.9 gallons of distilled spirits, wine, and beer in fiscal 1997 -- over 1.25 gallons less than in fiscal 1993. Exhibit 10.1 shows the per capita consumption pattern in gallons for the last ten years.

Exhibit 10.1
Alcohol Consumption Patterns
FY 1988-1997



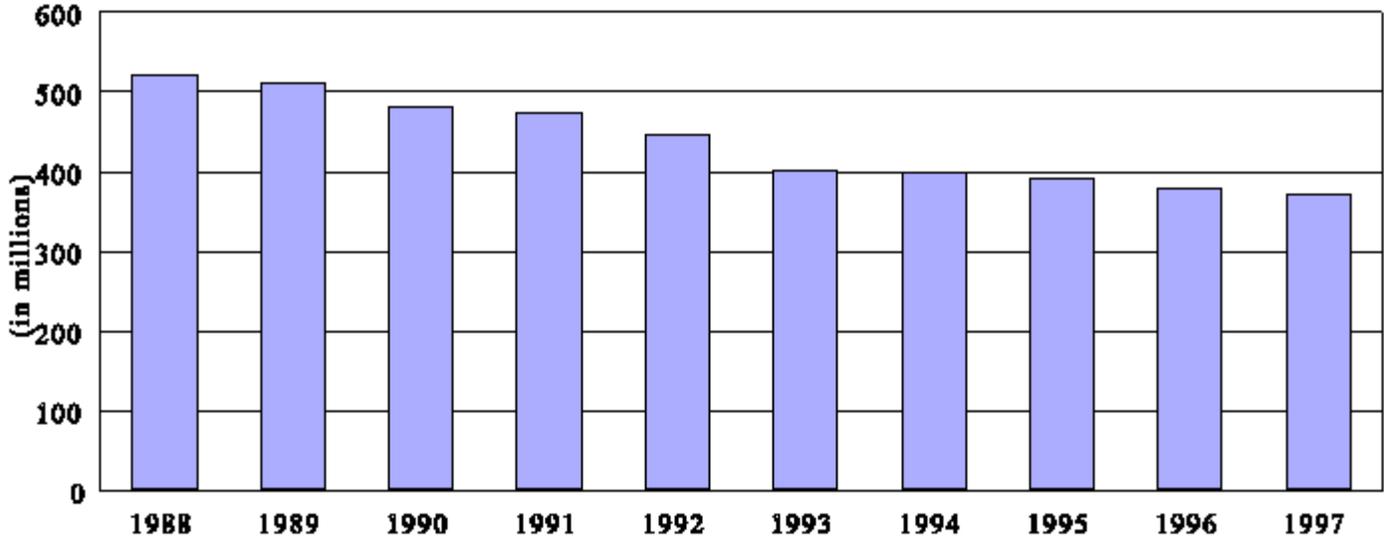
Source: 1997 Alcohol and Tobacco Tax Annual Report

From 1996 to 1997, wholesale distilled spirit deliveries increased 0.5 percent statewide from 7.25 million gallons to 7.29 million gallons. Wholesale beer deliveries increased 0.4 percent statewide from 94.5 million gallons in 1996 to 94.9 million gallons in 1997. Wine deliveries increased by 2.2 percent from 8.9 million gallons in 1996 to 9.1 million gallons in 1997.

Cigarette stamp sales, which indicate the approximate number of packs sold at retail, were approximately 368 million in 1997, a decline of 2.4 percent from 1996. Per capita consumption has also steadily declined over recent years, as

shown in Exhibit 10.2. At least a portion of the decline can be attributed to a 20 cents per pack increase in the cigarette tax between fiscal 1992 and 1993.

Exhibit 10.2
Per Capita Tobacco Consumption
Millions of Packs Sold - Cigarettes
(stamp sales)



Source: 1997 Alcohol and Tobacco Tax Annual Report

Alcoholic Beverage and Tobacco Tax Receipts

The Alcohol and Tobacco Tax Unit collects taxes and license fees at the wholesale level. Receipts totaled \$155.7 million in 1997 and \$156.1 million in 1996. Tobacco taxes and fees yielded 84.6 percent of the total receipts, or \$131.8 million; distilled spirits yielded 7.0 percent, or \$10.9 million; beer yielded 5.5 percent, or \$8.6 million; and wine yielded 2.3 percent, or \$3.7 million.

Licensing

Manufacturers and wholesalers of alcoholic beverages, and persons and entities engaging in the business of retail selling of alcoholic beverages, are required to obtain licenses. In addition, all persons or entities engaging in the business of cigarette vending machine operator, cigarette wholesaler, or cigarette subwholesaler must obtain a license.

Alcoholic Beverages

Manufacturers and wholesalers of alcoholic beverages are required to obtain licenses through the Alcohol and Tobacco Tax Unit. There are seven manufacturing licenses and five wholesale licenses. The type of license and associated fee depends on the commodity involved (i.e., spirits, wine, beer) as summarized in Exhibit 10.3.

Exhibit 10.3
Alcohol Manufacturer and Wholesaler Licenses
FY 1996-1997

Total Number of
Licenses Issued

State Revenue
Collected

	Annual Fee	1996	1997	1996	1997
<u>Manufacturer's Licenses</u>					
Class 1 Distillery	\$2,000	0	0	\$ 0	\$ 0
Class 2 Rectifying	600	23	26	12,900	14,870
Class 3 Winery	750	0	0	0	0
Class 4 Limited Winery	200	9	11	1,800	2,150
Class 5 Brewery	1,500	8	8	11,250	8,645
Class 6 Pub-Brewery	500	1	4	500	1,875
Class 7 Micro-Brewery	500	9	20	3,750	7,665
<u>Wholesaler Licenses</u>					
Class 1 Beer, Wine, Liquor	\$2,000	29	26	\$44,850	\$42,830
Class 2 Wine and Liquor	1,750	7	9	8,790	11,415
Class 3 Beer and Wine	1,500	25	24	33,227	30,247
Class 4 Beer	1,250	16	21	20,000	24,395
Class 5 Wine	1,250	5	8	5,020	8,145
<u>Permits</u>					
Storage/Transportation	\$2-500	<u>70,540</u>	<u>67,999</u>	<u>\$341,420</u>	<u>\$338,352</u>
Total		70,672	68,156	\$483,507	\$490,589

Note: Due to prorating of license fees, revenues collected may not coincide with the number of licenses issued.

Source: 1996 and 1997 Alcohol and Tobacco Tax Annual Report

The retail sale of alcoholic beverages is primarily regulated through licensing by local boards of licensing commissioners and local liquor control boards. Appendix 3 contains the phone numbers and addresses of the local liquor boards. There are four retail licenses issued by the 23 counties and Baltimore City and three retail licenses issued by the Alcohol and Tobacco Tax Unit as 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 10.4
Retail Licenses*
Total Number of Licenses Issued
FY 1996-1997

		<u>1996</u>	<u>1997</u>
Class A	Off-sale (Carry-out packaged containers)	1,806	1,709
Class B	On- or Off-sale (Hotels, Restaurants)	2,477	2,426
Class C	On-sale (Clubs)	681	653
Class D	On- and Off-sale (General)	1,355	1,349
Class BD-7	On- or Off-sale (Baltimore City)	<u>562</u>	<u>562</u>
	Total Local	6,881	6,699
Class E	On-sale (Steamboat)**	39	51
Class F	On-sale (Railroad)**	4	3
Class G	On-sale (Airplane)**	2	2
Total		6,933	6,762

*Effective October 1, 1998, the Comptroller may issue a general or limited statewide caterer's (SCAT) license to qualified applicants for a statutorily established fee.

** Issued by the Alcohol and Tobacco Tax Unit (generated revenue of \$7,612 in 1996 and \$9,025 in 1997).

Source: *Article 2B of the Annotated Code of Maryland and 1996 and 1997 Alcohol and Tobacco Tax Annual Report*

Retail classes of licenses are issued for the sale of beer; beer and wine; beer, wine, and liquor; or wine and liquor. In 1997, of the 6,699 retail licenses issued by local authorities, approximately 287 were beer licenses; 1,442 were beer and wine licenses; 4,943 were beer, wine, and liquor licenses; and 27 were wine and liquor licenses. Fees charged for these licenses are set by the respective counties subject to the provisions in State law. Retail license revenues received by local authorities totaled \$7.33 million in 1996 and \$7.39 million in 1997.

In addition to their licensing functions, commissioners of local licensing boards are responsible for enforcing legislation 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 race tracks;
- the registration of kegs to be consumed off-premises; and
- the limitation of the number of licenses that can be issued by a particular jurisdiction.

In addition, each county generally has a certain set of unique restrictions or regulations.

Cigarette Sales

To a lesser extent than alcoholic beverages, tobacco sales are also regulated in Maryland. An excise tax is required on all cigarettes consumed by residents and is evidenced by a tax stamp that appears on all packs of cigarettes. Persons or entities acting as a cigarette vending machine operator, cigarette wholesaler, or cigarette subwholesaler must obtain a license. A summary of cigarette licenses issued is presented in Exhibit 10.5. Legislation enacted in 1994 also requires cigarette manufacturers and cigarette storage warehouses to obtain a license by the Comptroller.

Exhibit 10.5 Cigarette Licenses FY 1996-1997

	Annual Fee	Number of Licenses		Revenue Collected	
		1996	1997	1996	1997
Wholesaler	\$750	64	62	\$47,260	\$46,510
Subwholesaler	500	47	54	22,458	22,250
Vendor	500	20	16	10,000	8,000
Manufacturer	25	10	7	250	175
Storage Warehouse	25	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total		141	139	\$79,968	\$76,935

Source: *1996 and 1997 Alcohol and Tobacco Tax Annual Report*

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, respectively. 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, or inducing a rebate in price or a concession of any kind in connection with the sale or purchase of cigarettes.

Enforcement

The Investigative Services Unit under the Comptroller's Compliance Division keeps a watchful eye on certain unlawful activities involving alcoholic beverages in Maryland, including the illegal importation, manufacture, transportation, or distribution of alcoholic beverages. The unit also investigates fraudulent activities of manufacturers, wholesalers, and retailers of alcoholic beverages. The unit monitors cigarette "buttlegging" -- the illegal importation, distribution, or sale of cigarettes on which Maryland taxes have not been paid. In 1997 the unit conducted 4,897 retail alcoholic beverages and tobacco dealer investigations.

For further information contact:

Comptroller of the Treasury
Alcohol and Tobacco Tax Unit
Louis L. Goldstein Treasury Building, Room 310
P.O. Box 2999
Annapolis, Maryland 21404-2999
(410) 974-3314
Web Site: www.comp.state.md.us/

Chapter 11. Transportation

An efficient transportation system is essential to helping businesses grow, communities thrive, and people earn a livelihood. Maryland's transportation system, which consists of highways, railroads, mass transit, and port and aviation networks, supports social and economic activities throughout the State. The State Department of Transportation is responsible for ensuring that this system continues to serve the transportation needs of all Marylanders in a safe and efficient manner.

The Department of Transportation is responsible for the planning, financing, construction, maintenance, and operation of all modes of the State's transportation systems. The modal administrations 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 1997 expenditures.

Exhibit 11.1
Expenditures by Modal Administrations
and Maryland Transportation Authority
(Millions of Dollars)
FY 1997

	<u>1997</u>
State Highway Administration	\$1,158.3
Maryland Port Administration	90.3
Motor Vehicle Administration	133.0
Mass Transit Administration	374.1
Maryland Aviation Administration	101.6
Maryland Transportation Authority	<u>223.9</u>
Total	\$2,081.2

Source: Maryland Department of Transportation, Office of Finance

This chapter focuses on the regulations and regulatory functions of the Department of Transportation (involving highways, motor vehicles, railroads, port and marine terminals, and aviation) and the Maryland Transportation Authority (involving toll facilities). For detailed information on the department's operations and programs, see *Volume II - Government Services in Maryland* of the Legislative Handbook Series.

Highways

The State Highway Administration, created in 1970, regulates the construction and maintenance of Maryland highways and roads. The State highway system totals more than 5,200 miles of roadway consisting of interstates, primary and secondary roads, and more than 2,400 bridges.

The State is geographically divided into seven engineering districts, each responsible for its own routine maintenance, traffic services, and construction supervision. (See Appendix 4 for the addresses and phone numbers for the district offices.) The Baltimore City Bureau of Transportation is responsible for providing these services in Baltimore City. A district engineer represents the State Highway Administration at the district level in all public matters. District engineers make recommendations regarding improvements in traffic operations to the Federal Highway Administration, the Department of Transportation, other State agencies, local governments, and the public.

Entrances to Highways

The administration 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 vehicular volume 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. Effective October 1, 1997, the administration may close an existing access, or limit the right of a property owner to construct or alter an access, without compensating the owner if reasonable access to another public road is available.

Along with the permit application, a business or individual must submit an engineering fee of \$50 per entrance and a performance bond equal to 150 percent of project costs within the State right-of-way. A permit will not be issued until authorization to relocate each utility affected by the project is received. In 1997, 378 permits were issued generating \$19,650 in revenue. Bonded construction totaled \$14.9 million in 1997.

For further information contact:

Engineering Access Permits Division
 Office of Highway Development
 State Highway Administration
 Department of Transportation
 P.O. Box 717
 707 North Calvert Street, Room C-302
 Baltimore, Maryland 21203-0717
 (410) 545-5601
 Web Site: www.sha.state.md.us/

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.

The State Highway Administration may issue a permit allowing an oversized or overweight vehicle to carry a load that is impossible to disassemble. The Hauling Permit Section of the administration issues between 400 and 500 permits daily, and in 1997 issued 106,374 permits generating over \$6.5 million in revenue.

The administration also sets stringent standards on the height, length, and width of transport vehicles. These requirements are specified in Exhibit 11.2; however, various exemptions exist.

Exhibit 11.2
Maximum Dimensions of Transport Vehicles in Maryland
Effective October 1, 1998

<u>Vehicle</u>	<u>Length</u>	<u>Width</u>
Single Unit Truck Bus (private) Class M Motor Home	40 ft.	102" if on interstate or state primary highway or in transit to pickup/delivery or fuel/rest/ service area (96" on all other routes)
Bus (private)	45 ft. on interstate & State primary	Same as above
Tractor-Trailer Combination	53 ft. max./trailer	Same as above
Tractor-Twin Trailer	28 ft. max./trailer	Same as above

Combination		
Any Other	55 ft.	Same as above
Combination		
Auto or Boat	65 ft. (75 ft. for	Same as above
Transporter	stinger-steered)	
Bus	Rigid body 41 ft. 3-	Same as above
(publicly owned)	axle articulated 60 ft.	
Other	35ft.	96 inches

Source: Maryland Department of Transportation and the Annotated Code of Maryland, Title 24, Subtitle 1 of the Transportation Article

For further information contact:

Office of Traffic and Safety
State Highway Administration
7491 Connelly Drive
Hanover, Maryland 21076
(410) 582-5712
Web Site: www.sha.state.md.us/

Outdoor Advertising

To erect an outdoor advertising sign along an expressway, or a federal or State highway, a business or individual must obtain approval from the city or county government, if necessary under its zoning laws, and the State Highway Administration. A State sign permit is required for all advertising signs within 500 feet of the State highway system. Sign permit fees range from \$10 to \$35 annually. Exceptions to the required State permit include a sign on a State highway that: (1) advertises the sale or lease of property on which the sign is located; (2) is within 100 feet of a building owned by, or an entrance to, a business; (3) advertises a Maryland historic shrine, or a county or church fair; (4) advertises a political position (no signs are to be posted more than 45 days prior to the election date); or (5) advertises the temporary sale of seasonal produce by a person who has grown the produce. An advertising sign is prohibited along an expressway, unless it is in an urban area and more than 660 feet from the edge of the right-of-way. No advertising signs are permitted on administration property or rights-of-way.

An advertising sign is prohibited along the federal interstate highway system, unless it is in a commercial or industrial area, or an urban area and more than 660 feet from the edge of the right-of-way. Also, the federal Intermodal Surface Transportation Efficiency Act of 1991 prohibits new off-premises advertising signs along designated scenic routes.

A person engaged in the outdoor advertising business, including anyone receiving profit from rentals or other compensation received for the erection, use, or maintenance on real property of an outdoor advertising sign, must obtain a license from the administration. License fees range from \$50 to \$700 annually.

In 1997 the administration issued 4,147 outdoor advertising permits and 172 licenses.

For further information contact:

Outdoor Advertising Section
State Highway Administration
Department of Transportation
707 North Calvert Street, Room 607
Baltimore, Maryland 21202
(410) 545-2817
Web Site: www.sha.state.md.us/

Installation/Alteration of Traffic Controls and Information Signs

A business or individual desiring to have traffic controls (lights, signals, signs) installed, altered, or removed from the State's primary or secondary highway system must bring the matter before the State Highway Administration. Petitions for changes are reviewed by the district engineers.

The administration may place information signs on State highways to inform the public of the availability of gas, food, lodging, or camping. These signs are subject to applicable federal standards. The business identified shall be responsible for the full administrative and operational cost of procurement, installation, and maintenance of the signs.

For further information contact:

Office of Traffic and Safety
State Highway Administration
Department of Transportation
7491 Connelly Drive
Hanover, Maryland 21076
(410) 787-5800
Web Site: www.sha.state.md.us/

Toll Facilities

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 Department of Transportation. The authority is governed by the Secretary of Transportation, who is the chairman, and a group of six citizens appointed by the Governor with the advice and consent of the Senate. The authority pays the cost of transportation facility projects, including the operation, maintenance, and improvement of toll facilities, through the revenue bonding process (i.e., user-financed project - tolls charged to users) and not via normal transportation funding (i.e., dedicated transportation taxes). Additional income is derived through concession contracts with vendors on the Kennedy Memorial Highway. Toll facilities generated \$132.4 million in revenue in 1997.

The authority's seven toll facilities are divided into three major units: bridges, tunnels, and the turnpike.

Bridges: Francis Scott Key Bridge (Baltimore 1-695)
William Preston Lane, Jr. Memorial Bridge
(Chesapeake Bay Bridge U.S. 50/301)
Harry W. Nice Memorial Bridge (Potomac River U.S. 301)
Thomas J. Hatem Memorial Bridge
(Harford County - Susquehanna River U.S. 40)

Tunnels: Baltimore Harbor Tunnel (I-895)
Fort McHenry Tunnel (I-95)

Turnpike: John F. Kennedy Memorial Highway (I-95)

For further information contact:

Office of Media and Customer Relations
Maryland Transportation Authority
303 Authority Drive
Dundalk, Maryland 21222-2200
(410) 288-8405
Toll Free: (888) 754-0098
TDD: (410) 355-7024
Web Site: www.inform.umd.edu/UMS+State/MD_resources/MDOT/mdta/

Hazardous Materials Restriction

Vehicles carrying bottled propane gas, bulk gasoline, explosives, a significant amount of radioactive materials, or certain other hazardous materials are prohibited from using the two 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.

For further information regarding the functions of the Maryland Transportation Authority, see *Volume II - Government Services in Maryland* of the Legislative Handbook Series.

For further information contact:

Maryland Transportation Authority
Department of Transportation
Baltimore Harbor Tunnel
P.O. Box 3432
Baltimore, Maryland 21225
(410) 355-3500
Web Site: www.inform.umd.edu/UMS+State/MD_Resources/MDOT/mdta/

Motor Vehicles

The Motor Vehicle Administration, established in 1910 and placed in the department in 1970, is headquartered in Glen Burnie and operates 16 full-service offices and 6 express offices throughout the State. In addition, temporary driver's licensing offices are located in Oakland, Westminster, Prince Frederick, and Leonardtown, and a centralized telephone Customer Service Center is located in Cumberland. The Information Systems Center, located in Glen Burnie, houses the data processing services for the entire department.

Driver's Licenses and Other Services

The administration administers 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 from 1989 to 1997.

Exhibit 11.3
Number of Licensed Drivers and Number of Vehicles Registered
(In Millions)
CY 1989-1997

	<u>Licensed Drivers</u>	<u>Vehicles Registered</u>
1989	3.098	3.461
1990	3.361	3.485
1991	3.213	3.502
1992	3.233	3.489
1993	3.274	3.594
1994	3.308	3.689
1995	3.344	3.721
1996	3.377	3.783
1997	3.347	3.888

Source: Motor Vehicle Administration

The administration provides many services that protect the public, address environmental concerns, raise revenue for the State, and ensure the integrity of repair facilities. Revenue collected by the administration is deposited in the Transportation Trust Fund of Maryland and used to build and maintain highways, bridges, airports, mass transit, port facilities, and railroads in Maryland.

Other services provided by the administration include:

- registering motor vehicles and issuing of certificates of title;
- issuing new registration plates or transfer of registration plates;
- promulgating motor vehicle inspection requirements;
- collecting title fees and Maryland excise taxes;
- enforcing Maryland's compulsory insurance laws;
- instituting codes and fee schedules for all classifications of vehicles;
- overseeing the Vehicle Emission Inspection Program through a private contractor that performs the vehicle inspection in State-owned facilities constructed and operated by the contractor;
- issuing identification cards; and
- overseeing the School Vehicle Inspection Program.

The administration licenses fleet inspection stations and administers the licensing of all motor vehicle dealers, salesmen, manufacturers, and distributors. In addition, the administration requires title service agents, professional driving schools, and driving school instructors to be licensed; controls the issuance of a special mobile equipment vehicle registration; and coordinates the Junked and Abandoned Vehicle Program. The regulations governing these programs are published in the Code of Maryland Regulations.

Since 1987 Maryland has participated in the Driver License Compact (DLC) with other jurisdictions that have joined in the compact. (See Section 16-703 of the Transportation Article.) Member states report convictions of vehicle/traffic law offenses to the violator's home state. All convictions from compact states are posted to the Maryland record. Maryland vehicle laws enforced by police officers include the requirement that drivers and front seat passengers in passenger, truck, tractor, multipurpose, and passenger bus vehicles wear seat belts. The fine for a driver's nonuse of a seat belt and the fine for failure to transport children in a safety seat is \$25.

For further information contact:

Motor Vehicle Administration
Administrative Adjudication Division
6601 Ritchie Highway, N.E.
Glen Burnie, Maryland 21062
(410) 768-7522
Web Site: www.mva.state.md.us/

See *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series, for a discussion on motor vehicle fuel and titling taxes.

Truck Safety and Commercial Drivers' Licenses

The General Assembly has addressed the issue of truck safety because of the significant number of truck accidents that

have occurred on State highways. In 1993 penalties for certain violations relating to truck safety and truck weight limitations were increased. In 1990 a preventive maintenance program was established, requiring trucks to be inspected at least every 25,000 miles or twelve months, whichever occurs first (inspections must be made every 12,500 miles or six months on dump trucks over 18 years old). In addition, random safety inspections at truck weigh stations and at the State's seven toll facilities are conducted.

Maryland has been issuing Commercial Driver Licenses since 1990. These licenses are issued in accordance with minimum 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 class of commercial vehicles for which the license is being issued. Commercial drivers are allowed only one license.

In 1989 the "covered load" law was enacted after an examination of issues relating to truck covers, including the relationship between uncovered loads and broken windshields, the costs and benefits of requiring covers, and the impact a cover requirement would likely have on industry in the State. This statute, as amended in 1992, requires the bed of a vehicle that is carrying a load of loose material (including dirt, sand, gravel, woodchips, or other materials that can blow, fall, or spill from the vehicle) to be fully enclosed on the top by a canvas or another type of cover approved by the Motor Vehicle Administration.

Vehicle Emissions

The Vehicle Emissions Inspection Program was created in 1984 to test all model year 1977 and newer vehicles in ten counties in the State as required by the federal Clean Air Act. In 1995 the program was expanded to cover vehicles in 14 counties, for a total inspection population of 2.8 million vehicles. Vehicles over 26,000 pounds, electric vehicles, and diesel powered vehicles are exempt from testing requirements. The program, in effect until December 31, 2001 (unless extended by an Act of the General Assembly), tests vehicle emissions for carbon monoxide, hydrocarbons, and oxides of nitrogen, consistent with standards established in the Clean Air Act. Vehicles are tested every two years.

For further information contact:

Motor Vehicle Administration
Department of Transportation
6601 Ritchie Highway, N.E.
Glen Burnie, Maryland 21062
(410) 787-2927
Toll Free (800) 638-8347
Web Site: www.mva.state.md.us/

Motor Carrier Companies and Taxicabs

Regulation of motorized passenger services (taxicabs and motor carrier companies) is the responsibility of the Public Service Commission. The commission requires passenger motor vehicles used in the transportation of passengers for hire to obtain a motor carrier permit.

Exceptions to the permit requirement are provided for:

- transportation of school children to and from a school;
- certain vehicles operated for three months or less in a registration year in the transportation of people to a Maryland cannery;
- public transportation in Ocean City;
- van pool operations;

- taxicabs that are required to have another type of permit; and
- public transportation in Allegany and Washington Counties.

A taxicab company that operates in Baltimore City, Baltimore County, or the cities of Cumberland or Hagerstown is required to have a permit issued by the Public Service Commission. A taxicab driver in these jurisdictions or a motor carrier driver in the State is required to have a valid for-hire driver's license issued by the commission. A local jurisdiction, other than Baltimore City, Baltimore County, and the cities of Cumberland and Hagerstown, may issue a taxicab license instead of the commission after an investigation by the local jurisdiction to determine that the permit or license would be in the best interest of the public welfare and convenience. A motor carrier vehicle in the State must have a permit issued by the commission. The commission has the power to amend, suspend, or revoke a permit or license. A motor carrier or taxicab 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 readily readable by the passengers. A taxicab, except in Hagerstown, must be equipped with an accurate taximeter that is subject to commission inspection.

For further information contact:

Public Service Commission
 6 St. Paul Street
 Baltimore, Maryland 21202
 (410) 767-8128
 Toll Free: (800) 492-0474
 Web Site: www.psc.state.md.us/psc/

Railroads

Since the early 1800s, when the Baltimore and Ohio Railroad first established a competitive edge for the Port of Baltimore, the rail system has been vital to Maryland's economy. Today, three Class I freight railroads, five short line or terminal railroads, and Amtrak (the national passenger railroad) serve Maryland with a total of 865 route miles. The major rail carriers and the mileage they serve in Maryland are listed in Exhibit 11.4.

Exhibit 11.4
Mileage for Railroad Companies Operating in Maryland
FY 1995

	<u>1995</u>
CSX Transportation	421
Norfolk Southern	142
National Railroad Passenger Corp. (Amtrak)	94
Canton Railroad	10
Patapsco & Back River Railroad Co.	10
Maryland and Delaware Railroad	113
Maryland Midland	67
Winchester & Western	2
Eastern Shore Railroad	<u>6</u>
Total	865

Source: Mass Transit Administration

The Mass Transit Administration is responsible for operating and maintaining public commuter bus, metro subway, MARC commuter train, and light rail systems, including preserving, improving, and providing new facilities and services. The regulation of rail services is formulated within the framework of federal and State regulations, and comments provided by 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. At the State level, requirements are imposed principally by the Public Service Commission and the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation. Guidance is also provided by the Association of American Railroads.

For further information contact:

Mass Transit Administration
Department of Transportation
6 St. Paul Street
Baltimore, Maryland 21202
(410) 530-5000
Toll Free: (800) 543-9809
Web Site: www.inform.umd.edu/UMS+State/MD_Resources/MDOT/mta/

Railroad Safety and Health

Completely independent of programs under the jurisdiction of the Department of Transportation, Maryland's Railroad Safety and Health Program is administered by the Division of Labor and Industry under the Department of Labor, Licensing, and Regulation. The purpose of the program is to promote safety and health in the railroad industry by reducing accidents, deaths, and injuries to persons, and 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 Maryland 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 also monitors and assists programs for industry rail safety and highway railway grade crossing safety. 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 300
Baltimore, Maryland 21201
(410) 767-2864
Web Site: www.dllr.state.md.us/labor/rail.html

Ports and Marine Terminals

The Maryland Port Administration, established in 1956 and placed under the Department of Transportation in 1971, supervises and is directly involved in the activities at marine terminal facilities located at Dundalk, Seagirt, Locust

Point, Clinton Street, Hawkins Point, and the Fairfield Automobile terminal. The terminal facilities at Cambridge have been leased to the Sailwinds Park, Inc. to assist in that area's local redevelopment efforts. The administration operates Baltimore's World Trade Center, a multi-storied Class A office building located on the Inner Harbor.

The administration markets the Port of Baltimore throughout the world. The Port of Baltimore 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. The Seagirt Marine Terminal is the latest terminal to be developed under the direction of the administration and is considered to be one of the most modern port facilities in the world.

The functions of the administration include:

- constructing, maintaining and, if necessary, operating marine terminal facilities;
- operating a world-wide network of sales and marketing offices;
- establishing advertising themes for port promotion;
- participating in port-related proceedings at the State and federal level;
- analyzing cargo flow patterns and projecting future facility needs;
- coordinating with federal and other State agencies in harbor and channel dredging projects;
- issuing permits for pier construction in the harbor area or disposal of dredge material on administration property;
- administering and operating the World Trade Center building and grounds;
- coordinating policies for boat operations;
- coordinating practices for keeping the Baltimore harbor free of ice; and
- issuing regulations that address hazardous materials entering or leaving port facilities.

At all port terminal facilities, with the exception of South Locust Point, which is leased to a private terminal operator, the authority assesses fees and charges (terminal services tariff) in return for the leasing of facilities and the use of equipment. The published tariff charges are filed with the Federal Maritime Commission.

For further information contact:

Maryland Port Administration
Department of Transportation
The World Trade Center
401 East Pratt Street
Baltimore, Maryland 21202
(410) 385-4422
Web Site: www.mpa.state.md.us/

Aviation

The Maryland Aviation Administration is responsible for encouraging, fostering, and assisting in the development of statewide aeronautics. The administration operates Baltimore Washington International Airport (BWI) and Martin State Airport. Responsibilities of the administration include developing a statewide aviation system plan to ensure a coordinated response to the needs of the public for airport facilities and services, thereby supporting statewide and local economic and tourism development objectives. The administration offers technical assistance to Maryland communities on a broad array of aeronautical issues, including compliance with applicable federal aeronautical

regulations and various State policy initiatives.

The administration has also implemented a comprehensive Noise Assistance Program. This program 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 present homes. BWI's noise assistance efforts are among the most comprehensive in the United States, and include a cooperative airport-airline program to encourage greater air carrier use of new quieter aircraft at BWI.

For further information contact:

Maryland Aviation Administration
Department of Transportation
P.O. Box 8766
BWI Airport, Maryland 21240-0766
(410) 859-7060
Web Site: www.inform.umd.edu/UMS+State/MD_Resources/MDOT/maa/

Chapter 12. Public Utilities

Public service companies provide residents with gas and electricity, telecommunications, water and sewage disposal, steam heating, and passenger transportation. The State created the Maryland Public Service Commission in 1910 to supervise and regulate public service companies. Supervising and regulating public service companies helps to ensure adequate quality of service at just and reasonable rates.

This chapter discusses the commission's organization, regulatory authority, regulated industries, and special programs.

Organization of the Public Service Commission

The commission consists of five commissioners. The commissioners are appointed by the Governor with the advice and consent of the Senate and serve five-year staggered terms.

Structure

The Public Service Commission is assisted by its staff in carrying out supervisory and regulatory duties. The commission staff is organized into the following major divisions:

- Administrative Division - includes management information systems, fiscal and budget, personnel, purchasing, procurement, and administrative services sections. The division establishes the commission's docket and maintains the commission's official records;
- General Counsel's Office - provides legal advice and representation in State and federal courts and proceedings. The office plays an active role in the commission's regulatory enforcement activities. The office also provides legal advice to the Public Service Commission regarding its jurisdiction, duties, and powers;
- Hearing Examiner Division - examines and reviews proceedings on topics such as rate applications, gas and fuel rate adjustments, and unresolved consumer complaints. The division also hears matters pertaining to taxicab and for-hire passenger carrier permits and driver licensees;
- Technical Staff - analyzes utility financial reports, performs independent and economic studies, inspects utility facilities, conducts safety inspections, and provides legal counsel to staff in the commission's hearings. The technical staff consists of seven sections: accounting, engineering, rate research and economics, staff counsel, telecommunications, transportation, and integrated resource planning; and
- Office of External Relations - investigates and responds to consumer inquiries and complaints. The office also assures that consumer groups, the general public, and the media have immediate access to information about the Public Service Commission's decisions and actions regarding the regulation and supervision of utilities.

Federal Supremacy

The Public Service Commission's jurisdiction is limited to intrastate services, or those services provided within Maryland. The federal government's jurisdiction applies to interstate services, or those services affecting more than one state. For example, the Federal Energy Regulatory Commission regulates interstate and wholesale activities of gas and electric utilities, the Federal Communication Commission regulates interstate telephone service, and the Surface Transportation Board (formerly the Interstate Commerce Commission) regulates interstate transportation activities.

Federal supremacy can preempt or constrain the State's authority over intrastate services when the State's regulatory activities interfere with federal interstate commerce objectives. Federal preemption has significantly expanded in the gas, electric, and telecommunications industries in recent years. For example, federal law prohibits the Public Service Commission from regulating the wholesale price of natural gas; the commission can only determine if local utilities are

purchasing the lowest-cost wholesale gas.

Public Comment Opportunities

The public has the opportunity to comment on and provide input regarding the impact of rate changes and other utility requests. The public may provide this input during scheduled public hearings held at various locations in a utility's service area when a major case or issue is pending. The statements made at these sessions become part of the official record in the case. The commission can then use these statements in considering both the public's interests and the utility's interests.

Office of the People's Counsel

Public concerns also are raised by the Office of the People's Counsel. The office is a State agency independent of the Public Service Commission. The Office of the People's Counsel lawyers represent the interests of Maryland residential customers in utility matters before the Public Service Commission and other State and federal agencies. This consumer advocacy office represents residential consumers in actions related to electricity, natural gas, telephone, water and sewer, and transportation.

For further information contact:

Office of the People's Counsel
6 St. Paul's Street, Suite 2102
Baltimore, Maryland 21202
(410) 767-8150
Toll Free: (800) 207-4055
Web Site: www.opc.state.md.us/opc/

Regulatory Authority of the Public Service Commission

Jurisdiction

The Public Service Commission exercises jurisdiction over all natural gas (through pipelines), electric, telephone, water, sewage disposal, and steam heating companies operating within the State. The commission regulates common carriers, such as bus companies and other for-hire passenger carriers, and taxicabs operating in Baltimore City, Baltimore County, Cumberland, and Hagerstown. Exhibit 12.1 shows the types and numbers of public service entities currently regulated by the Public Service Commission.

Exhibit 12.1 Public Service Entities Regulated 1998

<u>Companies</u>	<u>1998</u>
Gas Utilities	8
Electric Utilities	12
Combination Gas and Electric Utilities	2
Steam Companies	1
Water, Sewage, and Water and Sewage Companies	27
Telephone and Other Communications	375
Passenger Motor Vehicle Carriers	<u>1,453</u>
Total	1,878
<u>Individual Permits</u>	

Taxicabs	1,473
Water Carriers	<u>12</u>
Total	1,485

Source: Public Service Commission

Regulatory Functions

The Public Service Commission is empowered to hear and decide matters regarding rate adjustments, applications to exercise or abandon franchises, applications to modify the type and scope of service provided, the issuance of securities, the promulgating of new rules and regulations, and the quality of utility and common carrier services. The commission also:

- collects and maintains records and reports of public service companies;
- reviews plans for service;
- inspects equipment;
- audits financial records;
- handles consumer complaints;
- promulgates and enforces rules and regulations;
- defends its decisions on appeal to State and federal courts;
- intervenes in relevant cases before federal regulatory commissions and federal courts; and
- performs criminal and driving record checks of applicants for for-hire or taxicab driver licenses.

Regulated Industries of the Public Service Commission

The Public Service Commission regulates public service companies on both a general basis (i.e., regulations that pertain to all public service companies) and a utility-specific basis. General regulations include those that: (1) require public utilities to obtain the commission's authorization to begin or abandon franchise operations; (2) restrict the construction of underground facilities and water or sewage disposal systems for public use; (3) require utilities to submit applications for approval of all rates and charges; and (4) provide consumer protection and education.

The commission also must approve all issuances of stocks, bonds, and other securities for public service companies incorporated in Maryland. All public utility companies are assessed an annual fee based on the commission's estimated annual operating budget to pay the commission's expenses.

The following describes the Public Service Commission's requirements for particular industry groups. For information regarding taxation of these industries, see *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series.

Gas and Electric Companies

Eight gas companies, 12 electric companies, and two gas and electric companies serve Maryland residents. The vast majority of gas and electricity is produced through conventional central station power plants by four large investor-owned utilities. These four utilities include: (1) one gas and electric company -- Baltimore Gas & Electric (BGE); and (2) three electric companies -- Potomac Electric Power Company (PEPCO), Delmarva Power and Light Company, and Allegheny Power (Potomac Edison Company). The other companies that serve Maryland residents are municipally-

owned, cooperatively-owned, and small investor-owned utilities.

Gas and electric companies must adhere to Public Service Commission regulations. For example, the commission has the authority to issue a certificate of public convenience and necessity (CPCN). Electric utilities must receive a CPCN to construct a new generating plant or high-voltage transmission lines. The CPCN serves as an air quality permit, groundwater and surface water appropriation permit, and wetlands permit. The CPCN also addresses all other environmental and socioeconomic issues related to designing, constructing, and operating a power plant. In addition, the Public Service Commission must test and authorize all gas and electric meters, including submeters, used for billing purposes in Maryland.

Gas and electric companies also must adhere to several other requirements outlined by the Public Service Commission law. These requirements pertain to construction of stations and transmission lines, installation of electric metering and submetering in apartment houses, fuel rate adjustments of electric companies, and modification of generating stations.

The Public Service Commission relies on its Integrated Resource Planning Division to evaluate utility alternatives including new generating capacity, power purchases, energy conservation and efficiency, cogeneration, and renewable energy resources. The division evaluates these alternatives to assure that adequate and reliable service is provided to electric customers at the lowest system cost.

The Integrated Resource Planning Division also considers necessary features in evaluating utility system planning and operations including: (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 such savings measured over time; and (3) the treatment of demand and supply resources on a consistent and integrated basis.

The Public Service Commission also has implemented a regulatory program to protect low-income residential customers against termination of their gas and electric service during the winter. The program allows qualifying low-income customers to make minimal payments (a percentage of their annual income) through the winter. These customers then pay the outstanding balance during the non-winter months. A successor to this program, the Utility Service Protection Program, allows participants to manage high energy costs during the winter by providing for even monthly payments based upon the estimated annual cost of utility service to the household. During the 1997-1998 heating season, 37,079 customers participated in the Utility Service Protection Program.

Gas and electric utilities have traditionally operated as monopolies with rates fully regulated. However, the federal government and many states have been replacing these monopolies with competitive markets. Competitive markets allow consumers to choose their gas and electric utility providers (generation), while the transmission and distribution of gas and electric to retail customers continue to be provided by the traditional monopoly utility.

In the gas market, large industrial consumers of natural gas in Maryland currently receive their natural gas from a competitive market. The Public Service Commission has recently permitted smaller business and residential consumers to enter the deregulated natural gas market. Utilities have established residential pilot programs to assist residential consumers in moving from a regulated to a competitive natural gas market. The utilities are responsible for educating the consumers in these residential pilot programs about new consumer options and consumer protection. All Maryland consumers will eventually purchase their natural gas from a competitive market.

The electric utility industry also is undergoing restructuring. The federal Energy Policy Act of 1992 encouraged a competitive wholesale electric power market. In 1996 the Federal Energy Regulatory Commission required utilities to share their transmission lines with all wholesale electric power suppliers.

With these federal efforts, several states began to consider restructuring their electric utility industry to allow competition in the retail electric generation market. States which passed legislation in 1997 and 1998 to allow retail electric competition in their respective states include: California, New Hampshire, Massachusetts, Rhode Island, Arizona, Connecticut, Illinois, Maine, Montana, Nevada, Oklahoma, Pennsylvania, and Virginia.

In mid-1997 the Maryland Public Service Commission's staff recommended changes to Maryland's electric retail market. After reviewing these recommendations and conducting proceedings, the commissioners issued Order Numbers

73834 and 73901 in late December 1997 to move toward a restructured electric retail market. The commissioners established a restructuring schedule, as outlined in Exhibit 12.2.

Exhibit 12.2
Implementation of Electric Utility Deregulation

Date	Schedule
July 1, 2000	One-third of Maryland's consumers will be able to choose their electric provider.
July 1, 2001	Two-thirds of Maryland's consumers will be able to choose their electric provider.
July 1, 2002	All Maryland consumers will be able to choose their electric provider.

Source: Public Service Commission

As Maryland restructures its gas and electric utility markets, the Public Service Commission will evaluate the steps needed for authorization of new suppliers; supplier access to the existing distribution system and the rates for this access; universal service; consumer education and protection; the role of demand side management in the new competitive market; and environmental issues.

The commission also anticipates that competition in the electric industry will produce new electricity markets that extend beyond Maryland's geographic borders. If competition does extend beyond Maryland's borders, the commission will have to monitor activities in neighboring states and independent operators such as the Pennsylvania-New Jersey-Maryland (PJM) Independent System Operator and possibly others.

The Maryland General Assembly created a Task Force to Study Retail Electric Competition and the Restructuring of the Electric Utility Industry in 1997 to examine the effects of deregulating the electric utility industry. The task force consisted of senators, delegates, and executive branch representatives. An advisory committee of electric utilities, their customers, and others assisted the task force.

The task force evaluated issues that other states have encountered in deregulating their electric utility markets. These issues included: (1) ensuring universal service; (2) preventing additional air pollution; (3) recovering stranded costs, which are expenses that utilities incurred under a regulated market that may not be fully recouped in a competitive market; and (4) unbundling the generation, transmission, and distribution of electric power, three functions that are currently integrated and billed to customers at one rate. In light of the Public Service Commission's schedule to hold roundtables and adjudicative hearings on the various issues relating to electric restructuring during the 1998-2001 period, no recommendations were made by the task force. The General Assembly is currently evaluating how to restructure utility taxes in a deregulated market and is likely to address the issues discussed and recommended by the Public Service Commission.

Water and Sewage Disposal Companies

Twenty-seven private water, sewage, and water and sewage companies provide water and sewage disposal services to Maryland residents. Regulations concerning water service and sewage disposal companies are very specific. No private water or sewage disposal system for public use may be constructed without prior approval of the Public Service Commission. This provision includes a review of all proposed financing plans for the system. Governmental agencies and municipalities are exempt from this provision.

The Public Service Commission also closely regulates 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.

Any municipal corporation in Talbot County that wishes to supply water to an area outside of its corporate boundaries

may apply to the Public Service Commission for a certificate of authority. This certificate of authority enables the municipal corporation to establish a service area outside of its corporate boundaries and supply that area with water.

Any Maryland county or municipal corporation also may submit a written application requesting the commission to fix or alter rates for sewage disposal service supplied within the county or corporation's taxable limits 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

The Public Service Commission has authorized 50 telephone companies to provide local service. Bell Atlantic-MD, Inc., and Armstrong Telephone Company are the traditional providers of local telephone service in Maryland. The commission also regulates the intrastate services of long distance (interexchange) companies and companies that resell interexchange telecommunications services. Currently, ten companies provide facilities-based interexchange telecommunications services. AT&T Communications of Maryland, MCI Communications, and Sprint Communications Company L.P., provide the vast majority of long distance service in Maryland. Resell interexchange telecommunications services are provided by 315 companies.

Telecommunications provisions of the Public Service Commission law prohibit a person from using an automated dialing, push-button, or tone-activated address signaling system with a prerecorded message to: (1) solicit persons to buy, lease, or rent goods or services; (2) offer a gift or prize; (3) poll persons; or (4) request survey information where results will be used to solicit persons to buy, lease, or rent goods or services.

Also, the law prohibits a telephone company from charging for:

- the first six calls within a monthly billing cycle that a residential service customer makes to directory assistance;
- directory assistance calls by anyone who suffers from physical or visual handicaps which preclude the use of telephone directories; or
- mandatory telephone company charges based on a measured time period unit rate for local messages.

The Public Service Commission is fulfilling responsibilities required by the federal Telecommunications Act of 1996 such as approving interconnection agreements filed by local exchange carriers, arbitrating disputes, and evaluating competition in the local exchange market.

The commission also is working to keep up with changes in the telecommunications industry. The Public Service Commission recently instituted several proceedings to examine issues associated with the introduction of local competition including: (1) permanent rates for unbundled network elements and non-recurring changes; (2) permanent local number portability; (3) collocation of facilities; and (4) unauthorized charges on customer telephone bills. The commission also is considering comprehensive revisions to the Code of Maryland Regulations and various issues associated with maintaining affordable telephone service in increasingly competitive markets, known as universal service.

Transportation Companies

The Public Service Commission regulates the issuance of permits and licenses for motor carriers engaged in intrastate transportation for hire of passengers and for taxicabs in Baltimore City, Baltimore County, Cumberland, and Hagerstown. In addition, the commission conducts analyses of rate filings and service offerings of transportation companies. The commission also monitors the operations of transportation companies and inspects vans, sedans, limos, buses, and taxicabs to assure that those vehicles comply with safety regulations.

For more detailed information on regulation of the transportation industry, please refer to Chapter 11 of this volume, "Transportation."

Special Programs

The Power Plant Siting and Research Act of 1971 established the Power Plant Research Program within the Department of Natural Resources' Power Plant and Environmental Review Division. This program ensures that demands for electric power are met in a timely manner at reasonable cost while associated environmental impacts on air quality, ground and surface water, and wetlands are acceptable.

As a fact-finding agency, the Department of Natural Resources makes recommendations based upon its findings to regulatory bodies such as the commission during facility licensing or 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 of existing generating facilities; (4) identifying sites for utilities unable to find a suitable site for generation; (5) forecasting future demand for electric power; and (6) investigating information gaps through a long-range research program.

The environmental surcharge currently funds this program. The surcharge will expire in June 2000 unless amended by law. The surcharge is assessed on the generation of power by Maryland power plants. Utilities collect the surcharge from the purchasers of electricity, whether located in or out of the State. Revenues generated from the surcharge are placed in the Environmental Trust Fund. For more information regarding the environmental surcharge, see *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series.

For further information contact:

Public Service Commission
6 St. Paul Street
Baltimore, Maryland 21202-6806
(410) 767-8000
Toll Free: (800) 492-0474
Web Site: www.psc.state.md.us/psc/

Chapter 13. Sports

Maryland regulates certain sports, such as thoroughbred and harness horse racing, boxing, wrestling, and kickboxing, to maintain the integrity of sporting events and to protect participants and the public interest. These and other sporting events contribute significantly to Maryland's economy. The State's regulatory agencies in these matters are the Maryland Racing Commission and the State Athletic Commission, both under the Department of Labor, Licensing, and Regulation.

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 therefore subject to extensive regulation. Since 1920 the Maryland Racing Commission has regulated horse racing in the State. The racing commission seeks to protect and promote the public interest in all matters pertaining to horse racing and wagering on horse racing.

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:

- assigns racing dates;
- approves specific types of wagering and collects wagering taxes;
- governs 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
- operates a drug testing laboratory to protect the integrity of horse racing for the benefit of the betting public and competing horsemen.

Further, all persons, associations, and corporations involved with horse races must be licensed by the commission. Persons engaged in racing in Maryland under assumed names must register with the commission for permission to use such names. The commission may revoke or suspend the license of a person or corporation engaged in racing within the State who violates the racing laws or commission rules and regulations.

The commission also licenses owners, trainers, assistant trainers, jockeys, veterinarians, farriers, stable employees, mutuel employees, track employees, vendors, caterer employees, and maintenance employees. The number of licenses issued and the amount of revenue generated from licensing in fiscal 1995 and 1996 are summarized in Exhibit 13.1.

Exhibit 13.1 Licensing of Horse Racing FY 1995-1996

	<u>1995</u>	<u>1996</u>
Licenses issued	10,219	10,080
Registration	882	1,042
Revenue from licenses & registration	\$287,390	\$294,150

Source: Maryland Racing Commission

Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at county fair tracks (Timonium State Fair and Marlboro). Bowie Track is used for training and stabling horses only. Harness racing is held at Rosecroft Raceway and Ocean Downs Raceway, while steeplechase racing is held at Fair Hill. During 1996 there were 658 days and nights of racing in the State, with the majority at the mile tracks (298 days) and at the harness tracks (349 nights). There was racing during eleven days in 1996 at the county fair tracks and Fair Hill.

In 1988 legislation authorized the commission to establish a system of intertrack wagering and live simulcasting between the thoroughbred racing tracks (Pimlico and Laurel). Races conducted at one thoroughbred track are permitted to be simulcast live to the other thoroughbred track. In addition, a thoroughbred track that is authorized to conduct intertrack wagering on races held at another thoroughbred track in the State can conduct wagering on races simulcast from a track outside the State.

The intertrack wagering system was expanded under 1990 legislation to allow all thoroughbred and harness racetracks in the State to participate as both a sending and receiving track for the purpose of conducting intertrack wagering on intrastate simulcast wagering. However, Pimlico Racecourse was prohibited from operating as a receiving track for simulcast harness racing until 1994. The intertrack wagering system was expanded under 1994 legislation to allow a track where racing is being conducted by the State Fair Society to send or receive intertrack wagering on intrastate simulcast wagering. The commission is authorized to impose a fine against a racing association, up to \$5,000 per day for a violation of the racing laws or commission rules and regulations.

Intertrack betting was expanded through 1992 legislation to allow for satellite simulcast betting or off-track betting (OTB). OTB allows races to be televised and wagered on at nontrack sites with the handle to be included in the mutual pools of the sending track. Sites may be licensed as OTB facilities if they include high quality dining and seating areas, have teletheatre screen capacity, and are not within a 35-mile radius of a mile thoroughbred track or harness track (although this provision can be waived with approval from the affected parties). Presently five sites are operating as OTB facilities.

The State collects revenue in the form of pari-mutuel wagering taxes (0.032 percent tax until June 30, 1999, and then .05 percent tax, unless the General Assembly extends the lower tax rate) and license fees from horse racing. (For further information regarding horse racing taxes, see *Volume III - Maryland's Revenue Structure* of the Legislative Handbook Series.) Racing receipts for calendar 1995 and 1996 are summarized in Exhibit 13.2.

Exhibit 13.2
Racing Receipts
CY 1995-1996

	<u>1995</u>	<u>1996</u>
Amount wagered	\$595.9 million	\$563.3 million
Revenues collected by the State	\$3.2 million	\$3.1 million
Attendance	2.8 million	2.6 million
Average revenue collected per racing day		
Mile tracks	\$8,347	\$14,607
Harness tracks	\$1,889	\$1,584
Steeplechase	\$14,444	\$12,167

Source: Maryland Racing Commission

The mile tracks are the largest producers of revenue to the State (approximately 84 percent of the revenue in 1996). During the same period, harness tracks provided about 16 percent of the revenue, while steeplechase racing provided less than 1 percent. County fair tracks do not provide revenue for the State because a State tax is not assessed when racing is conducted at the State Fair.

The Maryland Jockey Injury Compensation Fund was established in 1985 as a nonprofit organization to provide a blanket workers' compensation insurance policy for all jockeys licensed by the commission and participating at Maryland race tracks.

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. In 1996 revenue deposited into this fund from track earnings totaled \$4.4 million. The Maryland Standardbred Race Fund was created in 1971 under the direction of the Maryland Standardbred Race Fund Advisory Committee to similarly promote the breeding of standardbred horses in Maryland. In 1996 revenue deposited into this fund from track earnings totaled \$2.7 million. Money from uncashed pari-mutuel tickets is paid into the Maryland Standardbred Race Fund, and 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.

For further information contact:

Maryland Racing Commission
Division of Racing
Department of Labor, Licensing, and Regulation
500 North Calvert Street, Room 201
Baltimore, Maryland 21202
(410) 230-6330
Web Site: www.dllr.state.md.us/racing/

Boxing, Wrestling, and Kickboxing

The Maryland State Athletic Commission, established in 1920, sets forth the rules and regulations for amateur boxing matches and exhibitions, and professional boxing, wrestling, and kickboxing matches and exhibitions. The athletic commission licenses the participants and other persons involved in these sports, and is responsible for regulating the direction, management, and control of these sporting events.

In addition, the commission sets regulations concerning the sale of tickets, the facilities and equipment used, and the contractual relationship between a promoter or a manager and a boxer, wrestler, or kickboxer. Health and safety regulations set forth by the commission include standards for contestant physicals, ophthalmologic and neurologic health, medical suspensions, and promoter/contestant safety responsibilities. The commission also is responsible for regulating the drug testing of contestants.

A promoter of a live boxing, kickboxing, or wrestling event is required to pay a 10 percent boxing and wrestling tax on the gross receipts from the event. An individual or organization that shows a boxing, kickboxing, or wrestling event on a pay-per-view cable or satellite transmission basis is required to pay a 5 percent tax on the gross proceeds from the event. Effective October 1, 1994, the authority for the administration of these taxes was transferred from the commission to the Office of the Comptroller.

The licenses issued by the commission and the revenues generated from licensing are summarized in Exhibit 13.3. Annual license fees include: \$300 for a promoter; \$50 for a matchmaker; \$50 for a manager; \$25 each for a judge or referee; and \$20 for a boxer, wrestler, or kickboxer.

Exhibit 13.3
Licensing of Boxing, Wrestling, and Kickboxing
FY 1996-1997

	<u>1996</u>	<u>1997</u>
Number of licenses	269	229
Revenue from taxes	\$393,700	\$507,470

Matches supervised		
Boxing	140	112
Wrestling	364	288
Medical examinations	1,853	1,485
Investigations	17	14
Administrative actions	114	90

Source: State Athletic Commission

For further information contact:

State Athletic Commission
Department of Labor, Licensing, and Regulation
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6223
Web Site: www.dllr.state.md.us/occprof/athlet.html

Sports Agents

Since 1988 the Secretary of Labor, Licensing, and Regulation has licensed certain individual and corporate sports agents. A "sports agent" includes a person who directly or indirectly recruits or solicits an athlete to enter into a contract with that person for a fee, or attempts to obtain employment for an athlete with a professional sports team for a fee. An "athlete" is a person who is or has been a member of a Maryland high school sports team or a higher education institution sports team located in Maryland.

Contracts (either an agent contract or a financial services contract) must be filed with the Department of Labor, Licensing, and Regulation. The Secretary may suspend or revoke a license of a person who has violated the law. In addition, violators are subject to criminal penalties of a fine not exceeding \$10,000 or imprisonment not exceeding one year or both.

The annual license fee for a sports agent is \$1,000. In 1997 one sports agent license was issued.

For further information contact:

Department of Labor, Licensing, and Regulation
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6020
Web Site: www.dllr.state.md.us/occprof/sportag.html

Chapter 14. Occupational and Professional Licensing

The quality of goods and services provided by businesses can significantly affect public health, safety, and welfare. Consequently, to ensure minimum standards of competency, specialized occupations and professions are regulated by the Division of Occupational and Professional Licensing in the Department of Labor, Licensing, and Regulation.

Working with 21 licensing boards and commissions appointed by the Governor, the Division of Occupational and Professional Licensing is responsible for licensing and regulating the activities of over 175,000 individuals, corporations, and partnerships. The occupations and professions range from 66 bay pilots who navigate large commercial vessels on the Chesapeake Bay to more than 45,000 real estate professionals who handle real estate transactions in the State of Maryland.

This chapter describes the framework for occupational and professional licensing including the general functions of the Division of Occupational and Professional Licensing and the functions of the various occupational boards and commissions. Nineteen of the licensing boards and commissions are discussed in this chapter. The Maryland Racing Commission and the State Athletic Commission are described in Chapter 13 of this handbook. Specific regulations are examined for the occupations/professions under the boards and commissions.

General Regulation (Division of Occupational and Professional Licensing)

The Division of Occupational and Professional Licensing is composed of the commissioner's office and various licensing boards and commissions. The commissioner's office is responsible for planning, coordinating, and directing the daily administrative, fiscal, and technical functions of the boards and commissions, as well as administering all aspects of the licensing laws of those entities.

In addition, the division recommends and prepares new or amended legislation when a need is identified through perceived operating deficiencies, judicial decisions, citizen complaints, or changes in the way business is conducted in specific regulatory areas. An investigative staff assists the boards and commissions in investigating complaints to ensure compliance with Maryland law and to protect the public interest.

The division is comprised of five commissions (the Maryland Home Improvement Commission, the Real Estate Commission, the Real Estate Appraisers Commission, the State Athletic Commission, and the Maryland Racing Commission) and 16 boards. The general functions of the various boards and commissions include reviewing applications, providing examinations where necessary, issuing licenses/permits/certificates, and investigating complaints from the public. Each board and commission has the authority to issue licenses/permits/certificates based on standards specified in State law and established by the individual board or commission. Through examination fees, and license/certificate/permit renewal fees, each board or commission raises revenue for the State to offset the cost of regulation. Revenues increase every other year to coincide with the biennial license renewal cycle.

In 1996, in Linkus v. State Board of Heating, Ventilation, Air-Conditioning and Refrigeration Contractors, the Court of Special Appeals considered whether HVACR exceeded the scope of its authority when it denied an applicant a license based solely on the applicant's rape conviction six years earlier. The court held that a board may not consider an applicant's criminal record absent a specific grant of authority from the legislature in the licensing statute. In response to the Linkus decision, the Maryland General Assembly passed legislation during the 1998 session that authorized the Department of Labor, Licensing, and Regulation to deny, suspend, or revoke certain professional licenses, certificates, permits, or registrations if an applicant is convicted of a felony, or a misdemeanor that is directly related to the fitness and qualification of the applicant or licensee to practice the licensed activity.

Each board also has the authority to pursue criminal penalties against individuals who commit criminal acts related to regulated professions, such as practicing without a license. Such criminal penalties include fines, imprisonment, or both.

Specific Occupational and Professional Licensing

The following section describes the regulation of various occupations and professions provided by the boards and commissions. General licensing information and reference information are provided for each occupation and profession. These boards are subject to the Maryland Program Evaluation Act, which requires that the effectiveness of their operations and activities be examined by the Department of Legislative Services. Many of the boards have a sunset date (fixed date for termination) that the General Assembly may extend following their review of Legislative Services' recommendations.

Architects and Landscape Architects

Architects and landscape architects are required to obtain licenses to practice their respective professions. The State Board of Architects regulates architects and the State Board of Examiners for Landscape Architects regulates landscape architects.

All persons, corporations, and partnerships seeking to practice architecture in the State must submit their qualifications to the State Board of Architects. Practicing architecture includes providing any service or creative work on the addition to, alteration of, or construction of a building or integral part of a building. Before being licensed, an applicant may be required to pass an examination administered by the board and to meet educational and experience criteria. Architects from other states who seek reciprocal registration must apply for licensing with the board.

Similarly, all applicants who desire to practice landscape architecture in the State must submit their qualifications to the State Board of Examiners of Landscape Architects. Landscape architecture includes: (1) planning, designing, or preparing drawings and specifications; and (2) consulting to determine, enhance, or preserve land uses, natural land features, and structures, or to determine environmental problems of land. Before being licensed, an applicant may be required to pass an examination (prepared by the Council for Landscape Architectural Boards) administered by the board and must meet educational and experience criteria.

There are four categories of licenses/permits: (1) individual; (2) corporation/ partnership; (3) limited liability; and (4) reciprocal. The Board of Architects charges a \$20 original licensing fee (plus an examination fee) and a \$20 biennial renewal fee for individuals and a \$25 original licensing fee and a \$25 biennial renewal fee for firms. The Board of Examiners of Landscape Architects charges a \$200 original licensing fee (plus an examination fee) and a \$200 biennial renewal fee for individuals and a \$50 original licensing fee and a \$50 biennial renewal fee for firms. Both boards charge a \$100 fee for licensure by reciprocity. The Board of Architects collected \$131,262 in licensing and related fees in fiscal 1996, and \$50,406 in 1997. The Board of Examiners of Landscape Architects collected \$146,140 in licensing and related fees in fiscal 1996, and \$33,088 in 1997.

For more information contact:

State Board of Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/arc.html

State Board of Examiners of Landscape Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/land.html

Barbers and Cosmetologists

Barbers and cosmetologists are required to obtain licenses to practice their respective professions. Barbers are

regulated by the State Board of Barbers and cosmetologists are regulated by the State Board of Cosmetologists. Both boards are authorized to promulgate regulations establishing educational standards; health and sanitation procedures and precautions; examination criteria; and conduct of practice.

All persons, corporations, and partnerships seeking to practice barbering in the State must submit their qualifications to the State Board of Barbers. All applicants must pass an examination in order to qualify for a license. Additionally, applicants for a barber license must have completed 1,200 hours of barber student training in a barber school or 2,250 hours as a registered apprentice in a licensed barber shop. The board inspects shops and schools, investigates complaints, and holds hearings. Licensees who violate the law are subject to disciplinary actions by the board.

Similarly, all persons, corporations, and partnerships desiring to engage in the operation, practice, or teaching of beauty culture must submit their qualifications to the State Board of Cosmetologists. Before being licensed, an applicant must pass an examination administered by the board. Additionally, applicants for a cosmetology license must have completed 1,500 hours of training in a cosmetology school or 24 months as a registered apprentice in an licensed cosmetology salon. The board inspects salons and schools, investigates complaints, and holds hearings. Licensees who violate the law are subject to disciplinary actions by the board.

The State Board of Barbers issues four different categories of licenses/permits (master barber, barber, shop owner, and apprentice) on a biennial basis. The State Board of Cosmetologists issues ten different categories of licenses/permits (cosmetologist, esthetician, manicurists, makeup artist, senior cosmetologist, owner salon, owner limited practice, apprentice cosmetologist, apprentice esthetician, and apprentice manicurist) on a biennial basis.

The State Board of Barbers charges a \$50 original licensing fee (plus an examination fee) and a \$50 biennial renewal fee for individuals. It charges a \$200 original licensing fee for shop owners and a \$50 renewal fee biennially thereafter. Apprentices are charged a \$10 original licensing fee. The State Board of Cosmetologists charges a \$25 original licensing fee (plus an examination fee) and a \$25 biennial renewal fee for individuals. It charges a \$200 original licensing fee for shop owners and a \$50 renewal fee biennially thereafter. Apprentices are charged a \$10 original licensing fee. While manicurist/esthetician apprentice licenses are nonrenewable, other cosmetology apprentice licenses may be renewed for a \$10 biennial fee. The State Board of Barbers generated \$71,012 in revenue in fiscal 1996, and \$297,366 in 1997. The State Board of Cosmetologists generated \$2,079,247 in fiscal 1996, and \$297,366 in 1997.

For more information contact:

State Board of Barbers
500 North Calvert Street, Room 307
Baltimore, Maryland 21202
(410) 230-6320
Web Site: www.dllr.state.md.us/occprof/barber.html

State Board of Cosmetologists
500 North Calvert Street, Room 307
Baltimore, Maryland 21202
(410) 230-6320
Web Site: www.dllr.state.md.us/occprof/cos.html

Real Estate Brokers and Salespersons

Real estate brokers, associate brokers, and real estate salespersons doing business in Maryland are required to obtain licenses to practice their respective professions. These brokers and salespersons are regulated by the State Real Estate Commission, which was created in 1939.

Each applicant for a real estate license must complete courses relating to the principles of real estate, submit qualifications to the commission, and pass an examination administered by the commission. The commission investigates complaints through review and hearing panels. The panels conduct hearings on charges and complaints referred by the commission and by other persons and submits its findings and recommendations to the full

commission. The commission may take disciplinary action against a licensee and impose a penalty of up to \$2,000 per violation against any licensee who violates real estate law or regulations or engages in unethical conduct.

"Dual agency", authorized by the General Assembly in 1994, 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. In 1998 the General Assembly established 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 specified the roles of "intra-company agents" and "dual agents." The law created a presumption of buyer's agency for a licensee who assists a prospective buyer in locating residential real property for purchase and who is neither affiliated with or acting as the listing broker for that property.

The commission administers a Real Estate Guaranty Fund that, in essence, bonds all licensees. The amount recovered for any claim against the guaranty fund may not exceed \$25,000. A \$20 fee, which is transferred to the fund, is included in the license fee assessed on brokers and salespersons.

The commission issues three different categories of licenses (brokers, associate brokers, and salespersons) on a biennial basis. In order to obtain a broker license, the applicant must have completed 135 classroom hours of pre-licensing broker courses and have been a licensed salesperson for at least three years. In order to obtain an associate broker license, the applicant must have completed 135 hours of pre-licensing broker courses, have been a licensed salesperson for at least three years, and be affiliated with a licensed real estate broker. In order to obtain a salesperson license, the applicant must have completed 90 classroom hours of pre-licensing instruction in real estate, principles, and practices. The applicant must be affiliated with a real estate broker. All licensees renewing a license must complete at least 15 hours of continuing education.

The commission charges a \$95 original licensing fee and a \$95 biennial renewal fee for a broker license, a \$65 original licensing fee and a \$65 biennial renewal fee for an associate broker license, and a \$45 original licensing fee and a \$45 biennial renewal fee for a salesperson license. Applicants also pay an examination fee. The commission generated \$2,079,247 in revenue in fiscal 1996, and \$380,732 in 1997.

For more information contact:

Maryland Real Estate Commission
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6230
Web Site: www.dllr.state.md.us/occprof/recomm.html

Real Estate Appraisers

Legislation regulating real estate appraisers was spurred by the 1989 Federal Financial Institutions, Reform, Recovery, and Enforcement Act. This federal act 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.

The State Commission of Real Estate Appraisers conducts the examination, licensing, and regulation of licensed and certified appraisers. Maryland's statute to establish this commission in 1989 is recognized at the federal level as a minimum mandatory law. This statute, unlike those in 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 license/certification -- license, certified residential, and certified general. A real estate appraiser license costs \$150 for an original license and \$150 to renew for a three-year term thereafter. A

residential appraiser certification and a general real estate appraiser certification costs \$175 for an original license and \$225 to renew for a three-year term thereafter. Applicants also pay an examination fee. The commission generated \$84,067 in revenue in fiscal 1996, and \$60,032 in 1997.

For more information contact:

Real Estate Appraisers Commission
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6270
Web Site: www.dllr.state.md.us/occprof/reappr.html

Electricians

Electricians providing services in Maryland are required to obtain licenses to practice their trade. The State Board of Master Electricians regulates State licensed electricians.

Persons who seek to engage in the business of electrical services must submit qualifications to the board. Master electrician is the category of license issued by the State. There is no statutory provision for a journey or apprentice license. To qualify for the master electrician license, an applicant must meet experience requirements and pass an examination provided by PSI Examination Services. The holder of an out-of-state master electrician license can secure the necessary county electrical license without the need for an additional examination through an established system of reciprocal licensing. A candidate is not required to maintain a State license if the candidate qualifies for and holds a current local license in the jurisdiction in which the candidate is working. Since the State license is a nonperforming 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.

The board charges a \$20 original licensing fee (plus an examination fee) and a \$25 renewal fee biennially thereafter. The board collected \$78,098 in revenue in fiscal 1996, and \$232,750 in 1997.

For more information contact:

State Board of Master Electricians
500 North Calvert Street, Room 302
Baltimore, Maryland 21202
(410) 230-6270
Web Site: www.dllr.state.md.us/occprof/elec.html

Plumbers

Persons engaged in providing or assisting with plumbing services must be licensed in Maryland. The State Board of Plumbing examines, licenses, and regulates persons practicing plumbing in Maryland. It issues four categories of license -- master, journey, apprentice, and propane gas fitter.

To qualify for a master license, an applicant must have: (1) held a journey license for at least two years; (2) completed 3,700 hours of training under the direction and control of a licensed plumber; or (3) passed a comprehensive written examination.

To qualify for a journey license, an applicant must have: (1) held an apprentice license for at least four years; (2) completed 7,500 hours of training under the control and direction of a licensed master plumber; (3) completed 32 hours of training in backflow prevention devices; or (4) passed a comprehensive written examination.

To qualify for a propane gas fitter certification, an applicant must: (1) hold a current certification of completion of the National Propane Gas Association certified training program for distribution systems operations; (2) hold a gas fitter license from a county or municipal corporation authorizing the person to provide gas services under a licensing

program in existence prior to July 1, 1995; or (3) demonstrate to the board that the applicant's qualifications are at least equivalent to the qualification required by the National Propane Gas Association training program for distribution systems operations.

The board charges a \$70 original licensing fee and a \$70 biennial renewal fee for a master license; a \$35 original licensing fee and a \$35 biennial renewal fee for a journey license; a \$15 original licensing fee and a \$15 biennial renewal fee for an apprentice license; and a \$35 original licensing fee (plus a \$25 application fee) and a \$35 biennial renewal fee for a propane gas fitter license. Applicants also pay a \$50 examination fee for journey and master plumbing licenses. The board collected \$74,079 in revenue in fiscal 1996, and \$421,419 in 1997.

For more information contact:

State Board of Plumbing
500 North Calvert Street, Room 302
Baltimore, Maryland 21202
(410) 230-6270
Web Site: www.dllr.state.md.us/occprof/plumber.html

Home Improvement Contractors

The Home Improvement Commission licenses and regulates home improvement contractors, subcontractors, and salespersons. The commission's purpose is to foster a high quality of professionalism and workmanship and to safeguard consumer rights of homeowners.

The commission regulates more than 80 home improvement categories, including the repair, replacement, alteration, or remodeling of any building that is used as a residence or dwelling place for up to three family units. Construction or improvement of driveways, swimming pools, porches, or garages, and other structures adjacent to a dwelling house, are also considered home improvements. Home improvement does not include work done on apartment buildings that contain four or more single family units or work done on the commonly owned areas of condominiums.

Before being licensed, an applicant for a contractor, subcontractor, or salesperson license must pass an examination that is prepared by the National Assessment Institute. After passing the examination, applicants 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 and provide a certificate of \$50,000 liability insurance.

At the time of application for a contractor license, each contractor must contribute to the Home Improvement Guaranty Fund. This 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 \$50,000 for all claims. An individual homeowner may be awarded up to \$10,000 from this 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 to determine if disciplinary action should be taken against a contractor and whether the homeowner is entitled to an award from the guaranty fund. Furthermore, the commission awards monetary damages against licensed contractors and prosecutes violators of the home improvement law and regulations.

The commission charges a \$325 original licensing fee and a \$275 biennial renewal fee for a contractor license; a \$125 original licensing fee and a \$125 biennial renewal fee for a subcontractor license; and a \$75 original licensing fee and a \$75 biennial renewal fee for a salesperson license. All applicants are also charged an examination fee. The commission collected \$905,929 in revenue in fiscal 1996, and \$1,765,369 in 1997.

For more information contact:

Maryland Home Improvement Commission

500 North Calvert Street, Room 306
Baltimore, Maryland 21202
(410) 230-6309
Web Site: www.dllr.state.md.us/occprof/homein.html

Professional Engineers

Professional engineers providing services in Maryland are required to obtain licenses to practice. The State Board for Professional Engineers regulates professional engineers.

Persons who seek to practice as a professional engineer must submit qualifications to the board. Professional engineering includes consulting, designing, and evaluation of a building or other structure, equipment or process, or project. To qualify for a license, an applicant must meet experience and educational criteria and pass an examination administered by the board. The board offers examinations in chemical, civil, electrical, environmental, mechanical, aeronautical, agricultural, control systems, fire protection, manufacturing, metallurgical, mining/mineral, nuclear, petroleum, and industrial engineering.

The board investigates complaints and holds hearings concerning violations of the law. Violators are subject to disciplinary actions by the board.

The board charges a \$101 examination fee, a \$20 original licensing fee, and a \$20 biennial renewal fee. The board collected \$334,438 in revenue in fiscal 1996, and \$171,560 in 1997.

For more information contact:

State Board for Professional Engineers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/profeng.html

Stationary Engineers

The Board of Examining Engineers licenses and regulates stationary engineers and stationary engineering practices. By definition, stationary engineers are individuals who work with physical plant machinery of buildings. The board was instituted in the interest of safety and efficiency in the operation, use, and inspection of the steam and power generators, heating plants, hosting machines, pressure vessels, and additional related equipment. Although Baltimore City is the only jurisdiction in Maryland that requires stationary engineers to be licensed, industrial employers often require a license throughout Maryland as a condition of employment.

The board issues licenses to stationary engineers in various classifications after they meet certain minimum experience requirements and pass a written examination administered by the board. Current law provides for licensing in four classifications -- first, second, third, and fourth grade stationary engineer. A first grade engineer is licensed to take charge of any plant machinery. A second grade engineer is licensed to take charge of plant machinery up to 500 horsepower. A third grade engineer is licensed to take charge of plant machinery up to 30 horsepower.

The board issues licenses on a biennial basis. An original license costs \$15 and a biennial renewal costs \$30. The board collected \$26,825 in revenue in fiscal 1996, and \$188,737 in 1997.

For more information contact:

State Board of Examining Engineers
500 North Calvert Street, Room 302
Baltimore, Maryland 21202
(410) 230-6270

Web Site: www.dllr.state.md.us/occprof/exengin.html

Foresters and Professional Land Surveyors

Foresters and professional land surveyors providing services in Maryland are required to obtain licenses to practice their respective professions. The State Board of Foresters regulates foresters and the State Board for Professional Land Surveyors regulates professional land surveyors.

All persons who desire to engage in the practice of forestry must submit qualifications to the State Board of Foresters. Practicing forestry includes consulting, investigating, evaluating, and supervising forestry activities. Forestry activities include protecting and managing trees and related resources in forests, woodlands, or small groupings of trees in a suburban setting. To qualify for a license, an applicant must meet experience and education criteria. However, applicants are not required to pass an examination. The board may enter into reciprocal agreements with boards in other states. Licensees who violate the laws are subject to disciplinary actions by the board.

Similarly, all persons seeking to practice land surveying as a land surveyor must submit their qualifications to the State Board of Professional Land Surveyors. Practicing land surveying includes determining conveyancing and establishing land boundaries, plotting land, and determining topography and contours. Licensing is provided to individuals, partnerships, and corporations. Before the board issues a license, an applicant must pass an examination and meet educational and experience criteria. Applicants seeking to renew a license must earn at least eight hours of continuing education in forestry to qualify. As of July 1, 1990, property line surveyors are no longer examined and licensed by the board. However, the board is authorized to renew the licenses of individuals who held property line surveyor licenses prior to that date at a cost of \$40. Licensees who violate the law are subject to disciplinary actions by the board.

The State Board of Foresters charges a \$45 application fee, a \$55 original licensing fee, and a \$100 biennial renewal fee. The State Board of Foresters collected \$1,100 in revenue in fiscal 1996, and \$21,542 in 1997. The State Board of Professional Land Surveyors charges a \$60 original licensing fee (plus an examination fee) and a \$60 biennial renewal fee. The State Board of Professional Land Surveyors collected \$19,911 in revenue in fiscal 1996, and \$98,529 in 1997.

For more information contact:

State Board of Foresters
500 North Calvert Street, Room 304
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/forest.html

State Board for Professional Land Surveyors
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/lsurveyr.html

Public Accountants

Certified public accountants providing services in Maryland are required to obtain a license to practice and are regulated by the State Board of Public Accountancy, which originated in 1900. Applicants must submit qualifications and pass an examination to be licensed as a certified public accountant. Examinations prepared by the American Institute of Certified Public Accountants are held in May and November of each year.

In order to qualify to take the examination, applicants must meet educational and experience criteria. An applicant must possess a baccalaureate degree from an accredited institution and 45 semester hours which must include 30 semester hours in the following courses: financial accounting, cost accounting, U.S. federal income tax, auditing, and U.S. business law. After passing the examination, the candidate must take the home study course in professional ethics.

Certified public accountants from other states may apply for a reciprocal certificate and partnerships and corporations may register to operate as a certified public accountant company. Limited licenses may be issued to individuals, corporations, and partnerships who practice certified public accountancy in Maryland, but do not maintain an office in the State, if they meet specified criteria.

The board issues seven different categories of licenses (licensed certified public accountant, inactive status, limited, partnerships, corporation, limited liability corporations, and limited liability partnerships). The board may take disciplinary action against a licensee for a violation of the law after holding a hearing.

The board charges a \$15 original licensing fee and a \$40 biennial renewal fee. The examination costs \$112.50 for all sections and \$49.50 for various sections. The board collected \$81,355 in revenue in fiscal 1996, and \$1,343,166 in 1997.

For more information contact:

State Board of Public Accountancy
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/account.html

Pilots

Pilots who provide water pilotage services in the Chesapeake Bay are required to obtain a license in Maryland and are regulated by the State Board of Pilots. By setting standards, the board serves to ensure the safety of the pilotage services. Applicants must possess the appropriate skill, experience, and training. The board sets forth the requirements for apprentices to enter the piloting profession and oversees the apprentice program.

To ensure the adequacy of the equipment needed by the pilots, the board administers a trust that is funded by the Association of Maryland Pilots from the collection of pilot fees and charges. Pilotage charges are set by the board (prior to 1984 this was the responsibility of the Public Service Commission). Licensees who violate the law are subject to disciplinary action by the board. This board is authorized under State law to regulate until July 1, 2003.

The board issues four different categories of licenses (unlimited, 34 foot-draft limited, 28 foot-draft limited, and apprentice) on a biennial basis. The board charges a \$25 application fee and original licensing and biennial renewal fees ranging from \$200 to \$600. The board collected \$69,050 in revenue in fiscal 1996, and \$4,000 in 1997.

For more information contact:

State Board of Pilots
500 North Calvert Street, Room308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/pilot/html

Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors

The State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors is charged with the examination, licensing, and regulation of persons providing heating, ventilation, air-conditioning, and refrigeration (HVACR) services. A 1992 comprehensive statute requires the board to adopt and enforce a code that sets minimum standards for altering, remodeling, maintaining, and repairing HVACR systems. The board is also required to enter into a cooperative agreement with a county for the county to enforce the code adopted under the statute. The board may investigate any complaint that alleges facts that constitute a violation of this law.

The board provides five licensing categories -- master, master restricted, limited contractor, journeyman, and apprentice. A master license entitles the licensee to provide installation and maintenance services in air conditioning, full heating, forced air heating, hydraulic heating, refrigeration, and ventilation. A master limited license entitles the licensee to provide installation and maintenance work in one or more areas of HVACR work. A limited contractor license allows the licensee to exclusively maintain and repair one or more HVACR systems. A journeyman licensee entitles the licensee to perform HVACR services while under the direction and control of a licensed contractor. Anyone who is entering the trade of HVACR work must obtain an apprentice license.

In order to get a master license or a master restricted license, an applicant must have: (1) three years of experience under a licensed master or restricted master; (2) worked a minimum of 1,875 hours in the year prior to application; and (3) passed an examination. In order to get a limited contractor license, an applicant must have: (1) two years of experience under a licensed master; (2) worked a minimum of 1,000 hours in the year prior to application; and (3) passed 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 both general liability coverage in the amount of \$300,000 and property damage insurance coverage in the amount of \$100,000.

In order to get a journeyman license, an applicant must have: (1) held an apprentice license for at least three years; (2) completed at least 1,875 hours of training under the direction and control of a licensed master; and (3) passed an examination. However, in 1998, the General Assembly passed legislation which allows an applicant to 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 HVACR projects. Violation of local requirements are grounds for disciplinary action against a State license.

The board charges a \$75 original licensing fee and a \$75 biennial renewal fee for a master license; a \$25-\$75 original licensing fee and a \$25-\$75 biennial renewal fee for a restricted master license; a \$75 original licensing fee and a \$75 biennial renewal fee for a limited contractor license; a \$20 original licensing fee and a \$20 biennial renewal fee for a journeyman license; and a \$10 original licensing fee and a \$10 biennial renewal fee for an apprentice license. The board collected \$1,141,882 in fiscal 1996, and \$69,008 in 1997.

For more information contact:

State Board of Heating, Ventilation, Air-Conditioning and Refrigeration Contractors
500 North Calvert Street, Room 302
Baltimore, Maryland 21202
(410) 230-6270
Web Site: www.dllr.state.md.us/occprof/heat.html

Interior Designers

Interior designers can seek certification from the State Board of Certified Interior Designers (originally created in 1991, although a board was not appointed until November 1993). Certified interior design services includes the planning and design of interior spaces not materially related to or materially affecting the building systems. Before being certified, 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.

The board investigates complaints and takes disciplinary action against certificate holders who violate the law, including imposing fines of up to \$1,000.

The board charges a \$50 application fee, a \$150 original certification fee, and a \$200 biennial renewal fee. Applicants also pay an examination fee. The board collected \$103,267 in revenue in fiscal 1996, and \$30,127 in 1997.

For more information contact:

State Board of Certified Interior Designers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/cid.html

Secondhand Precious Metal Object Dealers and Pawnbrokers

Secondhand precious metal object dealers and pawnbrokers operating in Maryland are required to obtain a license and are regulated by the Secretary of Labor, Licensing, and Regulation and the Secondhand Precious Metal Object Dealers and Pawnbrokers Licensing Unit. Regulation of precious metal object dealers was established in 1981 and was extended to pawnbrokers in 1982. Before being licensed, a background check is conducted by the Maryland State Police. Licensees who violate the law are subject to disciplinary action by the unit.

Many counties in the State have local ordinances and zoning laws that apply to secondhand precious metal object dealer locations and pawn shops.

The unit charges a \$75 original licensing fee and a \$75 biennial renewal fee. The unit collected \$87,448 in revenue in fiscal 1996, and \$21,545 in 1997.

For more information contact:

Secondhand Precious Metal Objects Dealers and Pawnbrokers Licensing Unit
500 North Calvert Street, Room 304
Baltimore, Maryland 21202
(410) 230-6322
Web Site: www.dllr.state.md.us/occprof/pawn.html

Cemeteries

The Office of Cemetery Oversight was established by legislation in 1997 and placed under the regulatory authority of the Department of Labor, Licensing, and Regulation. The legislation also transferred to the Office of Cemetery Oversight the authority and responsibilities formerly held by the Office of Secretary of State over cemetery owners concerning the Perpetual Care Trust Fund and preneed burial contracts.

The office monitors individuals, partnerships, corporations, and limited liability companies providing burial goods and grounds to consumers in the State of Maryland. Individuals and other professional entities who engage in the operation of cemeteries and/or sale of burial goods and permits are required to register with the office. However, bona fide, religious nonprofit cemeteries that do not sell preneed goods are exempt from the registration and licensing requirements. Morticians and funeral directors acting within the scope of their professions and in the ordinary course of business are also exempt from the registration and licensing requirements because they are regulated by the State Board of Morticians.

The office is responsible for investigating and mediating 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 within the State, to protect the citizens of Maryland from unfair and unscrupulous practices in the cemetery industry.

Sellers of preneed goods and services, including funeral directors and morticians, must distribute a general price list, disclose all of the goods and services reasonably expected to be required at the time of need but not included in the preneed contract, and disclose the buyers cancellation and refund rights. All preneed sellers of caskets or casket vaults are required to deposit in a trust or escrow account 80 percent of the payment for caskets or casket vaults.

Under the law prior to 1997, a cemetery corporation was not authorized to buy, hold, or use for burial more than 100 acres in the State. In 1997 the General Assembly provided that in the Kent Election District of Prince George's County, any business entity may buy, hold, or use for burial up to 150 acres in one tract. Further, the law provides that in Baltimore County a registrant or permit holder may buy, hold, or use for burial up to 200 acres in one tract. Fees for registration are based on the size of the business. Registrations issued by the office are renewed biennially.

For more information contact:

Office of Cemetery Oversight
Advisory Council on Cemetery Oversight
500 North Calvert Street
Baltimore, Maryland 21202
(410) 230-6228
Web Site: www.dllr.state.md.us/occprof/cemetery.html

Appendix 1

Local Business License, Assessment and Permit Information

	<u>Local Permit Information</u>	<u>Local Business Licenses (Clerks of Circuit Court)</u>	<u>Local Assessments and Taxation Offices</u>
Allegany County	(301) 777-5911	(301) 777-5922	(301) 777-2108
Anne Arundel County	(410) 222-1821	(410) 222-1434	(410) 974-5709
Baltimore City	(410) 396-1334	(410) 333-3733	(410) 767-8250
Baltimore County	(410) 887-2450	(410) 887-2607	(410) 321-2272
Calvert County	(410) 535-1600	(410) 535-1600, ext. 395	(410) 535-8850
Caroline County	(410) 479-0660	(410) 479-1811	(410) 479-5850
Carroll County	(410) 857-2043	(410) 876-1213	(410) 857-0600
Cecil County	(410) 996-5201	(410) 996-5200	(410) 996-0525
Charles County	(301) 645-0550	(301) 932-3240	(301) 932-2440
Dorchester County	(410) 228-1700	(410) 228-0480	(301) 228-3380
Frederick County	(301) 694-1100	(301) 694-1976	(301) 694-2040
Garrett County	(301) 334-8970	(301) 334-1937	(301) 334-1950
Harford County	(410) 638-3350	(410) 838-6000	(410) 836-4800
Howard County	(410) 313-2013	(410) 313-2111	(410) 461-0135
Kent County	(410) 778-7435	(410) 778-7460	(410) 778-7447
Montgomery County	(301) 217-2500	(301) 217-6752	(301) 279-1431
Prince George's County	(301) 952-4131	(301) 952-3330	(301) 952-2500
Queen Anne's County	(410) 758-4098	(410) 758-1773	(301) 758-5030
St. Mary's County	(301) 475-4461	(301) 475-4558	(301) 475-4620
Somerset County	(410) 651-0320	(410) 651-1555	(410) 651-0868
Talbot County	(410) 822-2401	(410) 822-2611	(410) 822-3190
Washington County	(301) 791-3090	(301) 733-8660	(301) 791-3050
Wicomico County	(410) 548-4801	(410) 543-6551	(410) 543-6623
Worcester County	(410) 632-1194	(410) 632-1221	(410) 632-1196

Source: Department of Assessments and Taxation and Department of Labor, Licensing, and Regulation
 (Web Site: www.dllr.state.md.us/director.html)

Appendix 2

Local Health Departments

Allegany County

Health Officer
P.O. Box 745
1745 Willowbrook Road
Cumberland, MD 21502
Phone: (301) 777-5600

Anne Arundel County

Health Officer
Health Services Building
3 Harry S. Truman Parkway
Annapolis, MD 21401
Phone: (410) 222-7095

Baltimore City

Commissioner of Health
210 Guilford Avenue
Baltimore, MD 21201
Phone: (410) 396-4387

Baltimore County

Health Officer
1 Investment Place, 11th Floor
Towson, MD 21204
Phone: (410) 887-3740

Calvert County

Health Officer
Health Department
P.O. Box 980
Prince Frederick, MD 20678
Phone: (410) 535-5400

Caroline County

Health Officer
411 Franklin Street
P.O. Box 10
Denton, MD 21629
Phone: (410) 479-0556

Carroll County

Health Officer
P.O. Box 845
290 South Center Street
Westminster, MD 21158
Phone: (410) 876-4972

Cecil County

Health Officer

John M. Byers Health Center
401 Bow Street
Elkton, MD 21921
Phone: (410) 996-5550

Charles County

Health Officer
P.O. Box 640
La Plata, MD 20646
Phone: (301) 934-9577

Dorchester County

Health Officer
751 Woods Road
Cambridge, MD 21613
Phone: (410) 228-3223

Frederick County

Health Officer
350 Montevue Lane
Frederick, MD 21702
Phone: (301) 694-1029

Garrett County

Health Officer
2008 Maryland Highway
Mt. Lake Park, MD 21550
Phone: (301) 334-8116

Harford County

Health Officer
119 Hays Street
P.O. Box 191
Bel Air, MD 21014
Phone: (410) 838-3047

Howard County

Health Officer
6571 Columbia Gateway Drive
Columbia, MD 21046
Phone: (410) 313-6300

Kent County

Health Officer
125 South Lynchburg Street
Chestertown, MD 21620
Phone: (410) 778-1350

Montgomery County

Health Officer
401 Hungerford Drive
5th Floor
Rockville, MD 20850
Phone: (301) 217-1245

Prince George's County

Health Officer
1701 McCormick Drive
Largo, MD 20774
Phone: (301) 883-7384

Queen Anne's County

Health Officer
206 N. Commerce Street
Centreville, MD 21617
Phone: (410) 758-0720

St. Mary's County

Health Officer
Peabody Street
P.O. Box 316
Leonardtown, MD 20650
Phone: (301) 475-4330

Somerset County

Health Officer
7920 Crisfield Highway
Westover, MD 21871
Phone: (410) 651-5600

Talbot County

Health Officer
100 S. Hanson Street
P.O. Box 480
Easton, MD 21601
Phone: (410) 822-2292

Washington County

Health Officer
1302 Pennsylvania Avenue
Hagerstown, MD 21740
Phone: (301) 791-3200

Wicomico County

Health Officer
108 East Main Street
Salisbury, MD 21801
Phone: (410) 543-6930

Worcester County

Health Officer
P.O. Box 249
Snow Hill, MD 21863
Phone: (410) 632-1100

Source: Department of Health and Mental Hygiene

Appendix 3

County Liquor Boards

Allegany County

Board of License Commissioners
701 Kelly Road, Room 202
Cumberland, MD 21502
Phone: (301) 724-6485

Anne Arundel County

Board of License Commissioners
94 Franklin Street
Annapolis, MD 21401
Phone: (410) 222-1148

Annapolis (City of)

Alcoholic Beverage Control Board
Municipal Building, Rm 102
160 Duke of Gloucester Street
Annapolis, MD 21401
Phone: (410) 263-7942

Baltimore (City of)

Board of License Commissioners
10 South Street, Suite 200
Baltimore, MD 21202
Phone: (410) 396-4377
(410) 396-4385

Baltimore County

Board of Liquor License Commissioners
County Office Building
111 W. Chesapeake Avenue, Room G14
Towson, MD 21204
Phone: (410) 887-3191

Calvert County

Board of License Commissioners
Calvert County Court House
175 Main Street
Prince Frederick, MD 20678
Phone: (410) 535-1070
(301) 855-1243

Caroline County

Board of License Commissioners
Court House
109 Market Street
P. O. Box 207
Denton, MD 21629
Phone: (410) 479-1418

Carroll County

Board of License Commissioners
County Office Building
225 North Centre Street, Room 105
Westminster, MD 21157
Phone: (410) 857-2094

Cecil County

Board of License Commissioners
Room 334, County Office Bldg.
129 East Main Street
Elkton, MD 21921
Phone: (410) 996-5215

Charles County

Board of License Commissioners
Government Building
P.O. Box B
La Plata, MD 20646
Phone: (301) 645-0555 (Maryland)
(301) 870-2260 (D.C. Area)

Dorchester County

Board of License Commissioners
County Office Building
P.O. Box 26
Cambridge, MD 21613
Phone: (410) 228-1700

Frederick County

Board of License Commissioners
Winchester Hall
12 East Church Street
Frederick, MD 21701
Phone: (301) 694-1156

Garrett County

Board of License Commissioners
Old Court House, Room 105
313 E. Alder Street
Oakland, MD 21550
Phone: (301) 334-1925

Liquor Control Board
Court House, Room 105
313 E. Alder Street
Oakland, MD 21550
Phone: (301) 334-1928

Harford County

Liquor Control Board
16 N. Main Street
Bel Air, MD 21014
Phone: (410) 879-6370

Howard County

Board of License Commissioners
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043
Phone: (410) 313-2008

Kent County

Board of License Commissioners
Court House, 103 N. Cross Street
Chestertown, MD 21620
Phone: (410) 778-7435

Montgomery County

Board of License Commissioners
16650 Crabbs Branch Way
Rockville, MD 20855-2297
Phone: (301) 217-1999

Department of Liquor Control
16650 Crabbs Branch Way
Rockville, MD 20855-2297
Phone: (301) 217-1900

Prince George's County

Board of License Commissioners
County Service Building, Room 204
5012 Rhode Island Avenue
Hyattsville, MD 20781
Phone: (301) 699-2770

Queen Anne's County

Board of License Commissioners
County Office Building
208 N. Commerce Street
Centreville, MD 21617
Phone: (410) 758-3133

St. Mary's County

The Alcoholic Beverages Board of St. Mary's County
Governmental Center
P.O. Box 653
Leonardtown, MD 20650
Phone: (301) 475-4543

Somerset County

Board of License Commissioners
c/o Tony Bruce, Esq.
P.O. Box 567
Princess Anne, MD 21853
Phone: (410) 651-2747

Liquor Control Board
11754 South Somerset Avenue

Princess Anne, MD 21853
Phone: (410) 651-0588

Talbot County

Board of Liquor/License Commissioners
11 N. Washington Street
Easton, MD 21601
Phone: (410) 822-5876

Washington County

Board of License Commissioners
148 W. Washington Street
Hagerstown, MD 21740
Phone: (301) 797-4591

Wicomico County

Board of License Commissioners
201 East Market Street, Suite 112
P.O. Box 78
Salisbury, MD 21803-0078
Phone: (410) 548-4835

Liquor Control Board
809 S. Salisbury Blvd.
Salisbury, MD 21801
Phone: (410) 749-5721

Worcester County

Board of License Commissioners
Court House, Room 116
1 W. Market Street
Snow Hill, MD 21863-1070
Phone: (410) 632-1908

Liquor Control Board
433 W. Market Street
Snow Hill, MD 21863
Phone: (410) 632-1250

Source: Office of the Comptroller, Alcohol and Tobacco Tax Unit

Appendix 4

State Highway Administration - District Engineers

<u>District</u>	<u>Counties</u>	<u>Location</u>
1	Dorchester Somerset Wicomico Worcester	Salisbury District Office 660 West Road, P.O. Box 2679 Salisbury, Maryland 21801 Phone: (410) 543-6715
2	Caroline Cecil Kent Queen Anne's Talbot	Chestertown District Office 615 Morgnec Road, P.O. Box 299 Chestertown, Maryland 21620 Phone: (410) 778-3061
3	Montgomery Prince George's	Greenbelt District Office 9300 Kenilworth Avenue Greenbelt, Maryland 20770 Phone: (301) 513-7311
4	Baltimore Harford	Brooklandville District Office 2323 West Joppa Road Brooklandville, Maryland 21022 Phone: (410) 321-2800
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 Bocke Road La Vale, Maryland 21502 Phone: (301) 729-8400
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 Bureau of Transportation 417 East Fayette Street, Room 527 Baltimore, Maryland 21202 Phone: (410) 396-6802

Source: Department of Legislative Services