Business Regulation in Maryland

Volume VII

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Business Regulation in Maryland

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Foreword

The State of Maryland has over 140,000 businesses that employ approximately 2.6 million workers. Maryland's location near the nation's capital and in the center of the Boston-to-Atlanta corridor makes the State an excellent market for goods and services.

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

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

This is the seventh of eight volumes of the 2006 Legislative Handbook Series prepared by the staff of the Office of Policy Analysis, Department of Legislative Services before the 2007 General Assembly term. The material for this volume was researched and written by Tinna Damaso, Netsanet Kibret, Andrew Lantner, Ann Marie Maloney, Judith Markoya, Robert Smith, Jody Sprinkle, Theresa Tuszynski, and Ryan Wilson under the general direction of Tami Burt and John Rixey. Nancy Scaggs prepared the manuscript and Lesley Cook, Monica Kearns, Simon Powell, Marie Razulis, and Patrick Tracy assisted with editing.

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

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

Annapolis, Maryland
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Introduction
The Economic Climate in Maryland

Overview

The recession in the early part of the decade officially began in March 2001 and ended eight months later in November. The U.S. economy has been in an expansion phase of the business cycle ever since. The expansion has been distinctive for strong overall economic growth but weak employment growth. Since 2001, the economy has grown at an average annual rate of 2.8 percent as measured by real gross domestic product. Employment growth has averaged just 0.3 percent per year from 2001 to 2005.

With the number of jobs falling during the first two years of the recovery, the level of employment did not reach bottom for the cycle until August 2003, 29 months after the recession started. In contrast, during the recession of the early 1990s, employment hit bottom in 10 months. Not only did the economy continue to lose jobs well after the recession ended, but it also has added jobs since then at a relatively slow pace. It took until February 2005, 47 months from the start of the recession, for employment to exceed the pre-recession peak of 132.6 million jobs. In the early 1990s cycle, which itself was considered a "jobless recovery," it took 31 months to return to the pre-recession employment peak. Job growth over the 17 months since February 2005 has been 2.0 percent versus 4.1 percent in the analogous 17 month period in the early 1990s (February 1993 to July 1994).

The other distinct feature of this business cycle has been the extraordinary strength of the housing market. In most recessions, residential home markets contract sharply due to falling employment and weak income growth. But in this case, the Federal Reserve Board responded to the recession and the terrorist attacks in 2001 by aggressively cutting interest rates. The federal funds rate was reduced from 6.5 percent before the recession began to a low of 1 percent by the summer of 2003 where it stayed for the next year. Long-term interest rates, including mortgage rates, also fell substantially.

By the summer of 2003, 30-year fixed mortgage rates were at their lowest point in decades. This sparked not only a housing boom but also a refinancing boom as home owners refinanced their mortgages to lower rates often withdrawing equity at the same time. The Federal Reserve estimates that net equity withdrawal (from home sales, refinancing, and home equity lines of credit) increased from around $247 billion in 2001 to $747 billion in 2005. By 2005, net equity withdrawals represented almost 8.4 percent of disposable income, up from 3.9 percent in 2001. This use of housing wealth was a crucial source of support for consumer spending, and thus the economy as a whole, at a time when employment and income growth were weak.

The 2001 recession was much shorter and shallower in Maryland than in the rest of the nation. Employment peaked in December 2000 and bottomed out just nine months later in September 2001 with a total decline of 0.9 percent or 21,000 jobs. The total peak-to-trough decline for the United States as a whole was 2.1 percent (2.7 million jobs). Maryland also experienced weak job growth after the recession ended with growth in 2002 and 2003 actually slower than in the recession year of 2001 and personal income growth of less than 4.0 percent in both years (see Exhibit I.1).

Exhibit I.1
Maryland Economic Growth 2001-2006
Year-over-year Percentage Change

	2001	2002	2003	2004	2005	2006-Q1	2006-Q2
Employment	0.7%	0.4%	0.3%	1.3%	1.5%	1.5%	1.2%
Personal Income	5.3%	3.7%	3.8%	6.8%	6.2%	5.6%	N/A
Wage and Salary Income	5.1%	3.8%	3.9%	5.7%	6.5%	5.4%	N/A

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

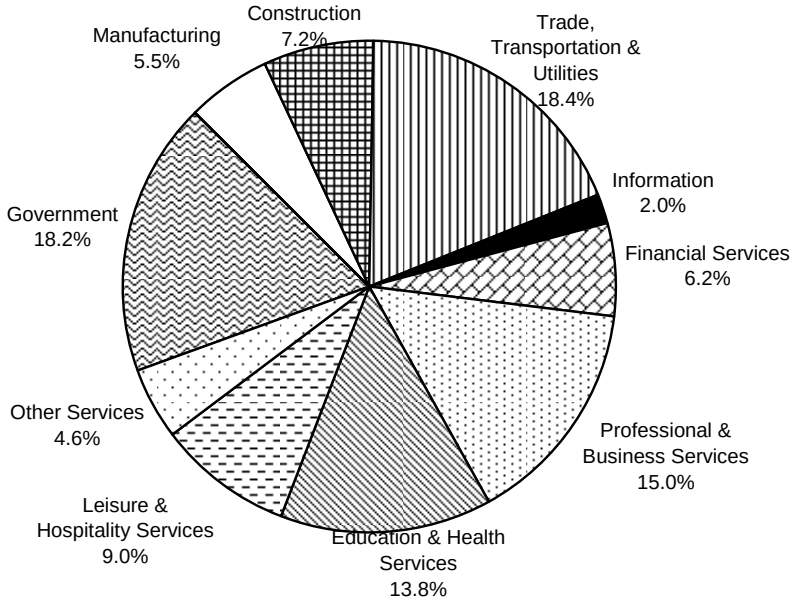
The Maryland economy started to rebound in 2004, with employment growth accelerating to 1.3 percent and wage and salary income up 5.7 percent. The strong 6.8 percent increase in total personal income in 2004 was driven in part by a large 10.7 percent increase in employee benefits due to sharply rising health insurance costs (see Exhibit I.1). Also in 2004, Microsoft paid out a large dividend that helped to boost Maryland's dividends, interest, and rent income by 5.5 percent (compared to declines in both 2002 and 2003).

In 2005, employment growth further accelerated to 1.5 percent or almost 37,000 jobs. Wage and salary income picked up considerably from 2004, rising 6.5 percent. Total personal income growth, however, slowed in 2005 as employee benefits increased at a slightly slower pace and the one-time Microsoft dividend was not repeated. Economic growth in 2006 so far seems to be decelerating, weighed down by rising interest rates and high energy prices.

Employment

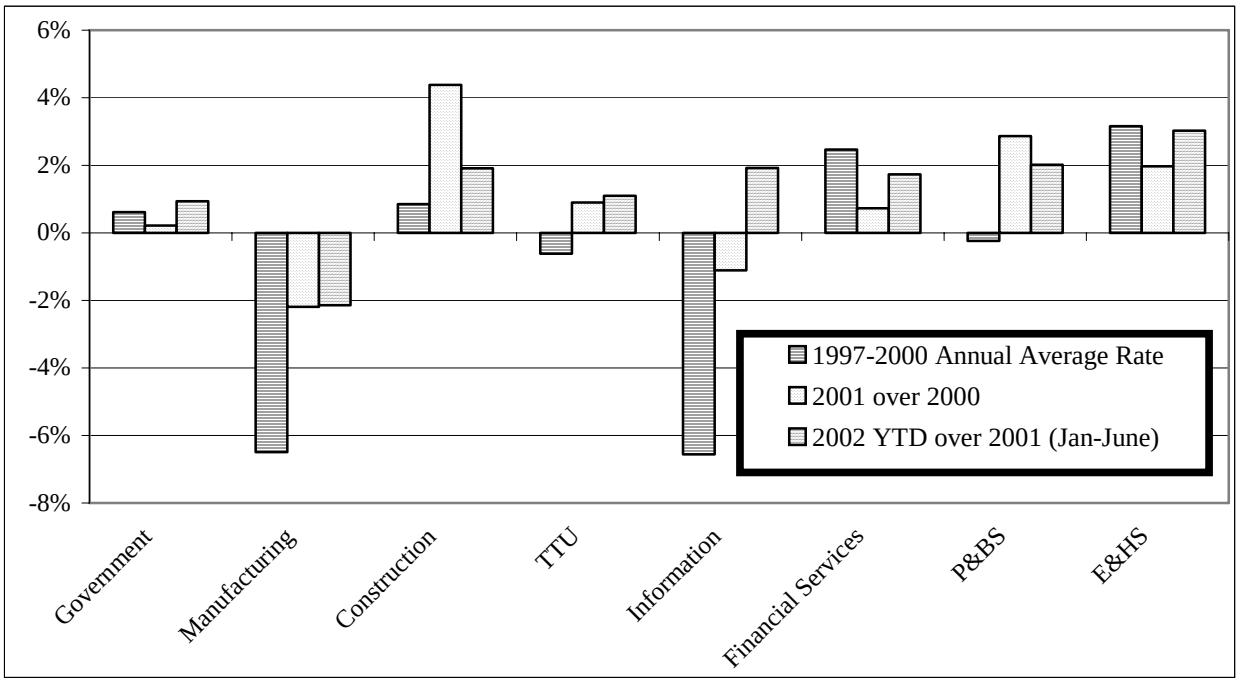
The Maryland nonagricultural labor market in 2005 included approximately 2.6 million jobs. Exhibit I.2 depicts the percentage of total employment by industry sector as of the end of 2005. Exhibit I.3 shows the average annual workforce growth rates by industry sector for the 2001-2003 period, the 2003-2005 period, and the 2005 to the first six months of 2006 period. With the State's proximity to Washington, DC, government accounts for a larger percentage of total employment than it does in other states (about 18 percent versus 16 percent nationally). While federal employment attracts a lot of attention, half of all government jobs in Maryland are with local governments. The government sector grew 1.2 percent from 2001 to 2003 with growth in federal and local jobs more than offsetting a drop in State employment. Since 2003, State jobs have rebounded while local governments continue to add jobs and direct federal employment has resumed its long-term downward trend. The Defense Department's Base Realignment and Closure plan will likely reverse that trend as it is implemented over the next several years.

Exhibit I.2
Maryland Nonagricultural Employment by Industry Sector
Percentage of Total
2005



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

Exhibit I.3
Maryland Nonagricultural Employment by Industry Sector
Growth Rates
2001-2006



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

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

The manufacturing sector has been in a long period of declining employment in Maryland. In 1990, there were a little more than 198,000 manufacturing jobs in the State, representing 9.1 percent of all jobs. By 2005, manufacturing employment had fallen to 140,700 or 5.5 percent of total jobs. During the recent recession, manufacturing was one of the hardest hit industries, shedding over 21,000 jobs between 2001 and 2003, a drop of 12.6 percent. Even as the economy began to pickup in 2004, manufacturing employment continued to decline. The number of manufacturing jobs fell by 4.3 percent between 2003 and 2005 or 6,400 jobs.

With the extraordinary boom in the residential housing market over the last several years, it is not surprising that construction employment grew strongly over this period, accounting for 7.2 percent of all jobs by 2005. However, growth did slow in response to

the recession with employment up 1.7 percent (about 2,900 jobs) between 2001 and 2003. Since 2003, the construction sector has added over 15,000 jobs, an increase of 8.9 percent from 2003 to 2005.

The trade, transportation, and utilities (TTU) sector is the largest in the Maryland economy, accounting for 18.4 percent of total employment in 2005 (471,300 jobs). This sector consists of retail and wholesale establishments, utilities, and transportation including couriers and warehousing. Within the category, the biggest segment by far is retail trade which totaled 298,600 jobs in 2005. Employment in the TTU sector fell 1.2 percent or 5,700 jobs during the recession (2001-2003) with all subsectors declining except transportation. Since then, employment in the sector is up 1.8 percent or 8,400 jobs.

The information sector is the smallest sector, accounting for just 2 percent of all jobs. Like manufacturing, this industry was hit very hard by the recession. Massive investment in telecommunications was one of the defining characteristics of the late 1990s economic expansion. Not surprisingly, then, the information sector suffered a precipitous drop during the recession. Total employment in the category fell 12.7 percent between 2001 and 2003 or 7,400 jobs. Within the category, telecommunications fell 23.1 percent or 6,100 jobs, giving back all of the employment gains from the late 1990s boom and then some. The rest of the sector – publishing, broadcasting (television and radio), film, and various Internet and data processing services – fell a more modest 4.2 percent or 1,350 jobs. Telecommunications fell another 1.5 percent between 2003 and 2005, but the drop-off seems to have run its course; employment was up in 2005 (4.3 percent). Employment in nontelecommunications information services dropped by 2.7 percent between 2003 and 2005.

The financial services sector in 2005 accounts for a little more than 6 percent of jobs in the State. The late 1990s expansion was also notable for a soaring stock market which led to strong employment growth in investment banking and security brokers. The recession and the bear stock market resulted in a drop in employment of 5.6 percent between 2001 and 2003, or almost 960 jobs. Employment has rebounded since 2003, rising 3.1 percent. The other parts of the financial services sector – credit intermediation, insurance, real estate, and rental leasing – all increased during the 2001 to 2003 period. Industries related to the housing market, like real estate agents and mortgage brokers, did particularly well. Overall the financial services sector increased employment from 2001 to 2003 by almost 5 percent or 7,400 jobs. Growth slowed, however, during the 2003 to 2005 period (up 1.5 percent) due to weakness in the insurance industry. Insurance employment fell 4.9 percent from 2003 to 2005, a drop of 1,850 jobs.

Fifteen percent of jobs in Maryland are in professional and business services, a broad category that includes legal, accounting and architectural firms, computer systems design, various kinds of scientific and technical consulting services as well as temporary employment companies, call centers, and travel agencies. It also includes janitorial, landscaping, pest control, veterinary, and waste management services. Professional and business services fell only slightly during the 2001 to 2003 period, down 0.5 percent or 1,750 jobs. Employment growth since then has been robust, up over 21,000 jobs or 5.8 percent between 2003 and 2005.

One reason Maryland weathered the recession so well was the strong performance of the education and health services sector. At around 354,000 jobs, this sector represented almost 14 percent of the workforce in 2005. About 81 percent of the category is in health and social services, including doctors' offices, hospitals, medical labs, nursing homes, child day care services, and various services for children and the elderly. Employment at private schools, colleges, universities, trade, and technical schools makes up the other 19 percent of the sector. Employment in education and health services increased by 6.4 percent between 2001 and 2003 (20,500 jobs) helping to offset weakness in other parts of the economy. Growth was slower during the 2003 to 2005 period but still up almost 4 percent (13,500 jobs).

Another sector that performed strongly during the recession was leisure and hospitality services which consists of hotels, restaurants, bars, and various entertainment venues like movie theaters, golf courses, and amusements parks. With 230,300 jobs in 2005, the sector accounts for about 9 percent of total employment. Restaurants and bars make up almost 74 percent of the category (169,300 jobs) and have provided significant job growth. From 2001 to 2003 employment in the leisure and hospitality sector grew by 10,300 jobs (4.9 percent) with almost 10,000 at restaurants and bars. The sector added another 11,300 jobs from 2003 to 2005, with restaurants and bars accounting for a little under 9,000 of those jobs.

The "other services" sector is the second smallest category representing 4.6 percent of total employment in 2005 with almost 118,000 jobs. A little more than half of the category is made up of employment at religious, civic, social, and political organizations; business and professional associations; labor unions; and charities. Employment at various repair and maintenance businesses account for about 22 percent of the sector. The rest of the category is comprised of personal services including laundries, dry cleaning, hair salons, funeral parlors, and parking lots and garages. The other services sector added 4,500 jobs from 2001 to 2003, for growth of 4 percent. But this came after losing almost 3,000 jobs in 2001. From 2003 to 2005, employment in the sector increased by 1.4 percent.

Income

Total income in Maryland is higher than that in other states, commensurate with the well-educated, highly skilled workforce the State possesses. The State consistently ranks in the top 10 nationally in per capita personal income. Total wage and salary earnings grew an average of 3.8 percent during the 2001 to 2003 period. Since 2003, growth has accelerated significantly, averaging 6.1 percent between 2003 and 2005. In the first quarter of 2006, growth slowed somewhat, increasing by 5.4 percent.

There are two factors behind wage and salary earnings growth: more jobs and higher wages. Wage growth is measured by the average weekly wage per worker which is simply the total wage and salary income divided by the total number of jobs divided by 52 weeks. Wage growth averaged 3.2 percent from 2001 to 2003, depressed by the weak labor market. With the improving economy, wage growth rebounded from 2003 to 2005, averaging a 4.4 percent increase per year. Average wage growth has exceeded inflation (CPI) throughout this entire period (see Exhibit I.4).

Exhibit I.4
Growth in Wages vs. Inflation (CPI)
Year-over-year Percentage Change

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

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

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

Outlook

The economic expansion is now in its fifth year. The Federal Reserve Board has been raising short-term interest rates since June 2004, taking the federal funds rate from 1 percent to 5.25 percent. Mortgage rates have risen from 5.2 percent in the summer of 2003 to 6.7 percent in July 2006. Energy prices have been climbing steadily since 2003 driven by strong world demand, supply constraints, and turmoil in volatile oil producing areas of the Middle East and Africa. Crude oil prices have been at or above $70 per barrel for four months. The average U.S. gasoline price in early August of $3.01 per gallon is up almost 79 cents since the end of 2005.

The increase in interest rates has brought an end to the residential housing market boom. Existing home sales have fallen, on a year-over-year basis, for seven straight months while the inventory of homes on the market has jumped 40 percent. Median home price growth has decelerated sharply to the low-single digits. The new home market has suffered a similar decline and home builders have cut back substantially on housing starts.

The housing market was a key source of growth over the past five years but is now a drag on the economy. The question is whether something else will come to the fore front as the principal driver of economic growth. Unfortunately high energy prices are weighing heavily on both consumers and businesses. As a result, the economy is expected to grow rather sluggishly throughout the remainder of 2006 and into 2007 with real gross domestic product increasing around 2.5 percent. While the risks of recession are generally considered low, many economists expect the Federal Reserve Board will begin cutting interest rates during the first half of 2007.

Maryland is not immune to the twin impacts of rising interest rates and high energy prices. Existing home sales in Maryland have fallen year-over-year for 10 months in a row and for 9 straight months at double-digit rates according to data from the Maryland Association of Realtors. Median home price appreciation remained strong through the first quarter of 2006 but has since slowed to low-single digit growth. Data available for 2006 show both employment growth and personal income growth have slowed (see Exhibit I.1) and that trend is likely to continue throughout the rest of the year. Longer-term, Maryland will benefit from the Defense Department's Base Realignment and Closure plan which is expected to bring close to 16,000 net jobs to Maryland over the next five years.

Section I. General Business 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 (*e.g.*, corporation, partnership); tax liabilities faced by businesses; employment regulations (*e.g.*, minimum wage guarantees, employment of minors, insurance requirements); occupational and environmental health and safety requirements; and consumer protection regulations. Section I summarizes these general regulations and also lists the State agencies that may be contacted to obtain additional information on particular regulations. Section II describes industry-specific regulations.

Section I contains four chapters, organized as follows:

Chapter 1: Describes the types of legal entities under which businesses may operate in Maryland; and explains the tax liabilities faced by businesses in Maryland and tax registration requirements.

Chapter 2: Explains Maryland's laws concerning employment, including wage payments, employment of minors, comparable worth, and required insurance coverage; and describes the Maryland Occupational Health and Safety Administration's role in regulating occupational safety and health in Maryland.

Chapter 3: Outlines Maryland's environmental protection regulations, including the State agencies responsible for their enforcement.

Chapter 4: Discusses Maryland's consumer protection laws and the State agencies responsible for their enforcement.

Chapter 1. Basic Business Requirements

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

Forms of Business Organization

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

Sole Proprietorship	A sole proprietorship is the simplest form of business organization, requiring no legal entry formalities except compliance with State and local licensing and taxation requirements.
General Partnership	A partnership is an unincorporated association of two or more persons to carry on as co-owners of a business for profit. A partnership may exist whether or not the persons intend to form a partnership and whether or not the association is called a partnership. While it is not necessary to file a certificate or other document with the State to form a general partnership, it must be created under the partnership laws of Maryland or another state. These laws, together with the partnership agreement (which may be oral, written, or implied), govern the relations among the partners and between the partners and the partnership.
Limited Partnership	A limited partnership has one or more general partners and one or more limited partners. Limited partners are liable only for the amount which they invest in the limited partnership. All limited partnerships are required to file a certificate of limited partnership with the State Department of Assessments and Taxation.

Limited Liability Partnership	A limited liability partnership may be formed by any existing legal partnership without dissolving or otherwise changing its form of organization. It generally protects a partner from personal liability for debts and obligations of the partnership arising from negligence, wrongful acts, or omissions of the limited liability partnership. To create one, a certificate of limited liability partnership that includes the name, address, and purpose of the limited liability partnership must be filed with the State Department of Assessments and Taxation.
Limited Liability Limited Partnership	A limited liability limited partnership is a sub-class of limited partnership that protects the assets of general partners from judgments against other general partners. A limited partnership may register as a limited liability limited partnership by including in its certificate of limited partnership the name, address, and purpose of the partnership and by including in its name the words "limited liability limited partnership," "L.L.L.P," or "LLLP."
Joint Venture	A joint venture is a business undertaking by two or more persons engaged in a single defined project. There are no formal registration requirements for joint ventures.
Corporation	Both domestic and foreign (out-of-state) corporations are subject to regulation by the State. A domestic corporation is organized and exists under the laws of Maryland. A foreign corporation is organized under the laws of the United States; the laws of another state, a territory, possession, or district of the United States; or a foreign country. Special types of corporations in Maryland include professional service corporations, nonstock corporations, private foundations, and cooperatives. To form a corporation in Maryland, one or more adult individuals must sign and file articles of incorporation with the State Department of Assessments and Taxation and pay all relevant taxes and fees. Amendments to corporate charters also must be filed with the department. When the department accepts the articles of incorporation for record, the proposed corporation becomes a corporate body under the name and subject to the purposes, conditions, and provisions stated in the articles.

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

Limited Liability Company

A limited liability company is an unincorporated business organization with limited duration and limited liability for all members. Organized under Maryland law, it may conduct activities in any state related to any lawful business or activity, whether or not for profit, except the business of acting as an insurer. A limited liability company combines the tax advantages of partnerships with the liability limits of corporations. To create a limited liability company, articles of organization must be executed and filed for record with the State Department of Assessments and Taxation.

Real Estate Investment Trust

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

Business Trust

A statutory business trust is an unincorporated business, trust, or association created by a governing instrument under which (1) property is or will be held, managed, administered, controlled, invested, reinvested, or operated by a trustee for the benefit of persons that are or may become entitled to a beneficial interest in the trust property; or (2) business or professional activities for profit are carried on or will be carried on by a trustee for the benefit of persons that are or may become entitled to a beneficial interest in the trust property. To create a statutory business trust, a certificate of trust must be filed with the State Department of Assessments and Taxation.

For further information contact:

State Department of Assessments and Taxation
Corporate Charter Division
301 West Preston Street, 8th Floor
Baltimore, Maryland 21201-2395
410-767-1340
Web Site: http://www.dat.state.md.us/

Business Licenses

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

To determine whether a particular business activity requires licensing by the State or any other additional licenses and permits, the business may contact the clerk of the circuit court in the county in which the business will be located. To obtain a license or license renewal, a business may first be required to obtain a Certificate of Status from the State Department of Assessments and Taxation that verifies that the business is in "good standing." Good standing means all documents and fees required by law to be submitted to the department have been received and that the department has received no notifications of delinquent tax payments. In addition, the State of Maryland Business License Information System, an Internet-based system administered by the Department of Business and Economic Development, helps business owners determine which State permits and licenses are required to operate their business.

For further information contact:

Maryland Business License Information System
Web Site: http://www.blis.state.md.us

Trade Names

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

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

Tax Registration

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

State Tax Registration

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

The Combined Registration Application and instructions may be obtained from the clerk of the circuit court in each county or at any branch office of the Comptroller. The application also may be completed online at www.marylandtaxes.com.

For further information contact:

Taxpayer Registration Assistance Center
301 West Preston Street, Room 206
Baltimore, Maryland 21201-2383
410-767-1313
Toll Free: 800-492-1751
Web Site: http://www.comp.state.md.us/

Local Tax Registration

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

Federal Tax Registration

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

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

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

Internal Revenue Service
31 Hopkins Plaza
Baltimore, Maryland 21201
410-962-7969
Toll Free: 800-829-4933
Web Site: http://www.irs.ustreas.gov/

Fees

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

Domestic Corporations

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

Incorporation fee: $100 for recording Articles of Incorporation.

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

- $20 for capital stock not over $100,000;

- $20 for capital stock over $100,000 but not over $1 million, plus $1 for each $5,000 or part thereof that exceeds $100,000;

- $200 for capital stock over $1 million but not over $2 million, plus $10 for each $100,000 or part thereof that exceeds $1 million;

- $300 for capital stock over $2 million but not over $5 million, plus $15 for each $500,000 or part thereof that exceeds $2 million; and

- $390 for capital stock over $5 million plus $20 for each additional $1 million or part thereof that exceeds $5 million.

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

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

Foreign Corporations

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

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

Qualification to conduct intrastate business: To transact intrastate business in Maryland, a foreign corporation must pay a $100 fee to file papers with the State Department of Assessments and Taxation in connection with its qualification to do intrastate business.

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

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

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

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

Limited Partnership and Limited Liability Company Fees – Maryland Entities

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

Limited Partnership and Limited Liability Company Fees – Foreign Entities

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

Real Estate Investment Trusts

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

Business Trusts

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

Personal Property Tax

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

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

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

Regulation of Industries

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

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

Chapter 2. Employment and Occupational Safety and Health Regulations

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

This chapter describes the State's employment regulations and occupational safety and health regulations as well as the regulatory functions of the 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 regulations. However, under certain circumstances, the more stringent law will apply.

The Division of Labor and Industry, as well as the Division of Workforce Development, of the Department of Labor, Licensing, and Regulation enforce Maryland's employment regulations. The Division of Labor and Industry is charged with preventing accidents and incidents that result in fatalities and injuries; preventing work-related illnesses; protecting employee wages and rights; and assisting regulated industries and employers to comply with division laws and regulations. The Division of Workforce Development 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 help enforce 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, but several activities, such as caddying and newspaper delivery, are exempted. Moreover, such minors may obtain a special permit to work as a model, performer, or entertainer. Minors age 14 through 17 are issued work permits, and employers must have this permit in their possession before these minors are allowed to work. Applications for work permits are available in high schools throughout Maryland. The Division of Labor and Industry issued 61,666 work permits in calendar 2004 and 59,586 in calendar 2005.

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 takes place outside of the school day. Those activities include farm work; domestic work; work performed in a business owned by a parent; and work performed by unpaid volunteers.

Restrictions under the child labor provisions of the federal Fair Labor Standards Act may be greater than State standards. Employers must comply with the higher standard.

For further information contact:

Employment Standards Service
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: http://www.dllr.state.md.us/labor/empm.html

Equal Pay for Equal Work

The Equal Pay for Equal Work Law prohibits employers from discriminating against employees by paying wages to employees of one sex at a rate less than that paid to employees of the opposite sex for work of comparable character or work on the same

operation or business. Wages may lawfully vary based on a nondiscriminatory seniority system, a nondiscriminatory merit system, jobs that require different abilities, jobs that require the regular performance of different duties, or work that is performed on different shifts.

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 that provides the most protection or sets the higher standard prevails.

The minimum wage in Maryland was increased beyond the federal minimum wage for the first time under legislation enacted in 2006. The State rate is $6.15 per hour for employees subject to federal or State minimum wage requirements. The minimum wage rate applies to private sector and State and local government employees. Employers may apply a "tip credit" against the direct wages paid to tipped employees. The tip credit is equal to 50 percent of the higher of the federal or State minimum wage. As a result, employers are required to pay tipped employees a wage rate that equals $3.08 per hour. For all hours worked in excess of 40 hours in any one work week, employees 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, salespeople on commission, and restaurant employees, if the restaurant has an annual gross income of $250,000 or less. Other employees are exempt from the overtime provisions but must be paid the 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:

Employment Standards Service
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 607
Baltimore, Maryland 21201
410-767-2357
Web Site: http://www.dllr.state.md.us/labor/emps.html

Wage Payment and Collection

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

Equal Employment Opportunity

Maryland seeks to ensure that all persons have equal employment opportunity. In general, the State's 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, sexual orientation, genetic information, ancestry or national origin, marital status, or physical or mental handicap. Activities that may be considered discriminatory practices include:

- failure or refusal to hire, refer, or promote an individual;
- discharge of an individual;

- limitation, segregation, or classification of employees or applicants for employment; and
- discrimination against an individual in compensation or in the terms, conditions, and privileges of employment.

The Maryland Commission on 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.

The Equal Employment Opportunity Law applies to employers with 15 or more employees. A covered employer is obligated to maintain employment policies, procedures, and practices that do not discriminate. In addition, covered employers are obligated to provide reasonable accommodation for 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 attempts to restore the complainant to the status he or she would have enjoyed had there been no form of discrimination. This may take the form of a job offer, lost wages, a promotion, or reinstatement.

For further information contact:

Maryland Commission on Human Relations
Schaefer Towers
6 St. Paul Street, Suite 900
Baltimore, Maryland 21202
410-767-8600
Toll Free: 800-637-6247
Web Site: http://www.mchr.state.md.us/

Prevailing Wage

The federal Davis-Bacon Act, enacted during the Great Depression, is the model for state prevailing wage laws throughout the country. Prevailing wage laws generally require that workers performing a specific job or task are paid an hourly wage that is the industry standard in a given geographic area. There are two primary purposes of the federal Act and state prevailing wage laws. First, the laws stabilize wages in an area by

preventing employers from paying less than what is commonly paid to workers in a region. Second, the laws prevent contractors from undermining local employment by low-bidding on government contracts and/or importing workers at lower wages.

The Maryland Prevailing Wage Law extends to any public works contract in excess of $500,000 when State public funds are used to finance at least 50 percent of the construction costs of a particular project.

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

The law also specifies that a regular day's work consists of 10 hours. Overtime compensation must be given for any work performed in excess of 10 hours in a single day, in excess of 40 hours per 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
410-767-2324
Web Site: http://www.dllr.state.md.us/labor/prev.html

Insurance Requirements

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

Workers' Compensation Insurance

All employers in Maryland are required to provide workers' compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications. After determination of a base or "average" rate by industry classification, with the base rate set 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, other expenses, and a profit factor.

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

- insure with the Injured Workers' Insurance Fund – a State-created nonprofit self-supporting agency;
- insure with any company that is authorized by the State of Maryland to write this type of coverage; or
- become a "self-insurer" by applying to the Maryland Workers' Compensation Commission.

For more information contact:

Injured Workers' Insurance Fund
8722 Loch Raven Boulevard
Towson, Maryland 21286-2235
410-494-2000
Toll Free: 800-264-IWIF
Web Site: http://www.iwif.com

In Maryland, an injury is covered under workers' compensation if the harm suffered by the covered employee was by an accidental personal injury arising out of and in the course of covered employment. The commission processes and adjudicates claims. Benefits are paid to injured employees by the employer or the employer's workers' compensation insurer. For compensable injuries, workers' compensation benefits include wage replacement and medical treatment.

For further information contact:

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

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. Both the federal and state governments have responsibilities for unemployment compensation. The unemployment insurance program is administered pursuant to state law by state employees. Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

The unemployment insurance program is financed by the Federal Unemployment Insurance Administration through employer taxes. The federal tax is 6.2 percent of the first $7,000 in wages paid to each employee. Employers receive credit of up to 5.4 percent for the taxes they pay under state unemployment compensation laws. The net tax (0.8 percent) collected by the federal government is used to finance state and federal administrative costs. Funds are distributed to states based on each state's claim load. The Maryland program is administered by the Office of Unemployment Insurance 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. Each employer is assigned to a particular tax rate based on its experience with unemployment, in relation to the experience of other employers, and the fund balance of the Maryland Unemployment Insurance Trust Fund from the preceding September. Legislation enacted in 2005 eliminated the surtax that employers were required to pay if the trust fund balance was too low. New rates also took effect under this law. Rates will vary annually according to solvency of the fund; in calendar 2006, rates will range from 0.6 to 9.0 percent. Benefits are charged to an employer's account when wages earned from the employer are used to determine a claimant's entitlement to benefits.

There are a variety of circumstances under which employers may be relieved of benefit charges. 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 fund based on taxable wages for the covered employment. Taxable wages are defined as the first $8,500 earned by each employee in a calendar year.

Benefits are based on the amount of money that the employee earned during the base period (the first four of the last five completed calendar quarters prior to the date the employee filed a claim). The weekly benefit amount provided by the Maryland Unemployment Insurance Law ranges from $25 to a maximum of $340. The maximum duration that weekly benefits may be paid is 26 weeks.

For further information contact:

Office of Unemployment Insurance
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 501
Baltimore, Maryland 21201
410-767-2444
Toll Free: 800-492-6804
Web Site: http://www.dllr.state.md.us/employment/unemployment.html

Miscellaneous Employment Regulations

Other employment regulations for the protection of employees relate to the taking of lie detector tests, the requesting of medical information, and the posting of employment notices.

Lie Detector Tests

With certain exceptions at public safety 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.

Medical Questions

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

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):	Employment Standards Service Division of Labor and Industry Department of Labor, Licensing, and Regulation 1100 North Eutaw Street, Room 607 Baltimore, Maryland 21201 410-767-2357 Web Site: http://www.dllr.state.md.us/labor/minwagefacts.htm
Employment discrimination:	Maryland Commission on Human Relations Schaefer Towers 6 St. Paul Street, Suite 900 Baltimore, Maryland 21202 410-767-8600 Toll Free: 800-637-6247 Web Site: http://www.mchr.state.md.us
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: http://www.dllr.state.md.us/labor/mosh.html
Workers' compensation:	Workers' Compensation Commission 10 East Baltimore Street Baltimore, Maryland 21202-1641 410-864-5100 Toll Free: 800-492-0479 Web Site: http://www.wcc.state.md.us/

Unemployment insurance:	Office of Unemployment Insurance Department of Labor, Licensing, and Regulation 1100 North Eutaw Street, Room 501 Baltimore, Maryland 21201 410-767-2444 Toll Free: 800-492-6804 Web Site: http://www.dllr.state.md.us/employment/unemployment.html

Occupational Safety and Health Regulations

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

Occupational Safety and Health

The Maryland Occupational Safety and Health Administration, established in 1971, sets regulations governing conditions, practices, and operations to ensure safe and healthful workplaces. In general, the unit adopts the federal Occupational Safety and Health Administration standards and is funded by both State and federal appropriations. In order to maintain federal approval, Maryland's program must be as effective as the federal program. Specific objectives of the unit include:

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

- maintaining effective and timely reporting procedures with respect to occupational safety and health problems.

Compliance and Enforcement

The Compliance Unit is responsible for ensuring that employers meet their duty under the Maryland Occupational Safety and Health 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, and target industry and general schedule inspections and follow-ups are included in the scheduling system. The scheduling of target industry 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 (1) Log of Work-Related Injuries and Illnesses; (2) Summary of Work-Related Injuries and Illnesses; and (3) Injury and Illness Incident Report.

Private employers who violate the Act are subject to civil and criminal penalties. Generally, the penalty for a serious violation may not exceed $7,000 for each violation, and if an employer does not correct the violation within the specified time period, $7,000 for each day the violation continues. However, the penalty for a willful or repeated violation may be as much as $70,000 for each violation. Moreover, the penalty for a willful violation may not be less than $5,000. If the willful violation caused an employee to die, the employer is subject to a fine of up to $10,000 or imprisonment for up to six months, or both. For a second offense, the employer is subject to a fine of up to $20,000 or imprisonment for up to one year, or both.

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, 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 shows the Maryland Occupational Safety and Health Administration's activities for calendar 2004 and 2005.

Exhibit 2.1
Maryland Occupational Safety and Health Activities
Calendar 2004-2005

	2004	2005
Accident Inspections	111	150
Complaint Inspections (Employee)	226	196
Follow-up Inspections	10	8
Occupational Health Inspections	1,056	1,141
Employees Affected by Inspections	44,217	56,157
Serious Hazards Identified	1,759	1,804
Other-than-Serious Hazards Identified	1,624	1,981

Source: *Division of Labor and Industry Annual Report 2004 and 2005*

For further information contact:

Maryland Occupational Safety and Health Administration
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 613
Baltimore, Maryland 21201
410-767-SAFE
Maryland Web Site: http://www.dllr.state.md.us/labor/mosh.html
Federal Web Site: http://www.osha.gov/

Safety Inspections

The Safety Inspection Program oversees the Amusement Ride Safety Law, the Elevator and Escalator Safety Law, and the Maryland Boiler Pressure and Safety Act.

Amusement Ride Safety

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

Both a certificate of inspection issued by the commissioner and proof of insurance are required to operate amusement rides or attractions in Maryland. The insurance policy may be obtained from any insurer or surety acceptable to the Maryland Insurance Commissioner, and must provide coverage against liability that arises out of the use of an amusement attraction (at least $350,000 for mechanical rides and a minimum of $200,000 for nonmechanical rides).

Before 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 inspected 3,794 amusement rides in calendar 2004 and 3,809 in calendar 2005.

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
410-767-2990
Web Site: http://www.dllr.state.md.us/labor/amus.html

Elevator and Escalator Safety Inspections

The Elevator and Escalator Safety Inspection Program is responsible for inspecting and certifying all elevators, dumbwaiters, escalators, and moving walks in Maryland. Inspections are conducted in accordance with the American Society of Mechanical Engineers Safety Code for Elevators and Escalators.

All elevators are inspected annually, with certificates of inspection issued by the program. No fees are charged for these inspections. Regulations require individuals

operating these devices to register with the division. State law also provides specific size requirements to accommodate a 6'8" rescue litter and requires certain actions with regard to smoking.

The program performed 2,513 elevator final and re-inspections in calendar 2004 and 2,769 in calendar 2005. Elevator accident and complaint investigations totaled 102 in calendar 2004 and 66 in calendar 2005.

For further information contact:

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

Boiler and Pressure Vessel Safety

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

The Maryland Boiler Pressure and Safety Act establishes rules and regulations that conform to the Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers. All new and existing boilers must meet the requirements of the American Society of Mechanical Engineers code and have an inspection certificate issued by an authorized boiler inspector. Higher pressure boilers are required to be inspected yearly, while low pressure boilers and pressure vessels require inspection every two years. Each inspection involves not only a detailed examination of the existing condition of the pressure envelope and associated equipment, but also a thorough review of the practices employed in daily operation by the owner, along with a check of the operator's knowledge and ability. Businesses operating regulated pressure vessels may have a qualified inspection service or an employee commissioned as a special boiler inspector.

The unit conducted 6,427 boiler and pressure vessel inspections in calendar 2004 and 5,952 in calendar 2005. Private-sector insurance company inspectors conducted 16,483 boiler and pressure vessel inspections in calendar 2004 and 19,662 in calendar 2005.

For further information contact:

Boiler and Pressure Vessel Safety Inspection Unit
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: http://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 has three programs geared toward helping businesses comply with State environmental regulations and laws:

- the Customer Service Center tracks permit applications and assists businesses that need environmental permits for a combination of air, water, and waste issues;
- the Small Business Assistance Program works directly with small businesses with the details of the permit process, such as ensuring that the right forms are completed; and
- the Pollution Prevention Program provides information to businesses on how to eliminate potential pollution at the source.

For further information on business assistance, contact:

Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
Customer Service Center: 410-537-3772
Toll Free: 800-633-6101
Website: http://www.mde.state.md.us/BusinessInfoCenter/index.asp

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

- the Air and Radiation Management Administration;
- the Water Management Administration;
- the Waste Management Administration; and
- the Technical Services and Regulatory Administration.

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

Air and Radiation Management

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

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

Maryland had over 11,000 registered or permitted sources of air emissions in fiscal 2005; approximately 200 of these sources emit more than 95 percent of all pollutants emitted from stationary sources. In addition, numerous potential sources of lower levels of pollution are not required to be registered or permitted by the department. The department received approximately 800 air quality complaints in fiscal 2005.

Facility Permits and Approvals

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

Air Quality General Permit to Construct

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

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

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 or equipment that discharges emissions to the outside air needs an air quality permit to construct. Examples of these types of operations or equipment include coating and painting operations; asphalt plants; incinerators; quarry operations; paint spray booths; chemical-processing equipment; fuel-burning equipment; and printing presses.

New Source Review Approval

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

Prevention of Significant Deterioration Approval

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

State Permit to Operate

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

equipment are required to obtain an annual operating permit. Such permits impose monitoring, record-keeping, and reporting requirements on sources to ensure compliance.

Part 70 (Title V) Operating Permit

Title V of the 1990 federal Clean Air Act 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. Approximately one-third of those sources required to have a State permit to operate are also required to have a Part 70 permit. In these cases, a single permit is issued.

Occupational Licensing and Registration

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

Asbestos Contractor License

Businesses, contractors, and others engaged in any activity involving the disturbance of friable asbestos must apply for an asbestos contractor license. In calendar 2005, there were 138 asbestos contractors licensed. Projects undertaken by regulated companies are routinely inspected to ensure compliance with federal, State, and local regulations that are protective of public health. Approximately 25 percent of all asbestos projects in Maryland are subject to federal program requirements.

Asbestos Training Provider Approval

The administration has developed approval procedures to ensure that asbestos trainers meet certain standards. Persons who want to become a Maryland-approved training provider must apply for approval – 69 training providers were approved as of the end of 2005. The administration has approved criteria for six initial training courses: worker, foreign language worker, supervisor, inspector, management planner, and project designer.

Incinerator Operator Certification and Training Course Approval

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

Vehicle Emissions Inspection License and Certification

The administration regulates vehicle emissions inspection activities by (1) issuing licenses to fleet owners to perform official inspections on their vehicle fleets; (2) certifying motor vehicle repair facilities that make emissions-related repairs; and (3) licensing technicians to perform emissions-related repairs. The master certified technician license is required for technicians who work at fleet inspection stations or at certified emissions repair facilities. The administration 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. At the end of 2005, there were 211 certified emissions repair facilities, 420 certified technicians, and 96 licensed fleet inspection stations.

Radiation/Radioactive Materials Registration and License

The administration performs a variety of regulatory activities relating to radiation facilities and radioactive materials, including (1) registering all facilities in which a radiation machine will be used and licensing all facilities that possess or use radioactive materials; (2) ensuring that all radiation machines in Maryland perform properly; and (3) licensing individuals to inspect x-ray machines. At the end of 2005, 610 facilities were licensed to handle various types of radioactive materials; approximately 4,700 facilities were registered to operate radiation machines; approximately 1,500 machines emitting radiation were certified; and 68 x-ray machine inspectors were licensed.

Reciprocal Recognition of Out-of-state Radioactive Material License

As a U.S. Nuclear Regulatory Commission agreement state, Maryland is obliged to recognize a radioactive material license issued by the commission or by other states within the agreement to licensees with out-of-state facilities. The licensee must, however, meet procedural requirements for working in Maryland, obtain an authorization letter from the administration, pay a reciprocity fee, and notify the administration

immediately before and after working in the State. At the end of 2005, seven such licenses were in effect.

For further information, contact:

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

Water Management

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

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

Water Quality

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

Surface Water Discharge Permit (Industrial and Municipal)

The surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for industrial and municipal facilities that discharge to State surface waters and is designed to meet federal effluent guidelines when applicable and ensure that the discharge satisfies State water quality standards. Among those requiring a municipal permit are cities, counties, federal facilities, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters. At the end of fiscal 2005, 3,094 facilities in Maryland operated under this permit.

Industrial Wastewater/Stormwater General Discharge Permit

This generic permit is issued for categories of business activities that are generally very similar in their wastewater characteristics. 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.

Pretreatment (Industrial)

Through the Pretreatment Program, the administration oversees 19 local pretreatment programs for over 200 industrial facilities that discharge wastewater to nondelegated publicly owned treatment facilities. Under this program, local governments issue industrial discharge permits, conduct inspections, and assess penalties against violators. If an industrial user discharges to a treatment facility in an area of the State that does not have a local program, the department issues the pretreatment permit.

Groundwater Discharge Permit (Industrial or Municipal)

The groundwater discharge permit is issued to control the disposal of treated municipal or industrial wastewater into the State's groundwater via spray irrigation or other land-treatment applications, as well as discharge into the subsurface by a drainfield or seepage pit. Approximately 220 facilities were permitted in fiscal 2005.

Toxic Materials Permit

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

Municipal Separate Storm Sewer Permit

A municipal separate storm sewer permit is required for owners of municipal storm sewer systems serving large and medium municipalities. A large municipality has a population of 250,000 or more, and a medium municipality has a population between 100,000 and 250,000. The following jurisdictions in Maryland are considered large municipalities: Anne Arundel, Baltimore, Montgomery, and Prince George's counties and Baltimore City. Carroll, Charles, Frederick, Harford, and Howard counties are considered medium municipalities. All other jurisdictions are considered small municipalities for stormwater purposes.

Waterworks and Waste System Operator Certification

The Board of Waterworks and Waste Systems Operators seeks to ensure that the quality of water in which wastes are placed is regulated for the protection of public health and the prevention of pollution. A waterworks and waste system operator certification is required for operators and/or superintendents of water treatment plants, water distribution systems, wastewater treatment plants, wastewater collection systems, certain pretreatment facilities that discharge to sanitary sewers, and industrial wastewater facilities. By the end of 2005, the board had certified 6,744 operators.

For further information, contact:

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

General Permit for Construction Activity

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

Erosion/Sediment Control Plan Approval and Stormwater Management Plan Approval

Maryland's erosion and sediment control and stormwater management programs seek to reduce stream channel erosion, pollution, siltation, and local flooding caused by land use changes associated with urbanization.

Erosion and sediment control plan approval is required, before construction, to prevent siltation due to releases of sediment (soil) from active construction sites. 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.

Enforcing compliance with these plans is a significant effort; 18,414 sites or facilities were subject to inspection for sediment control or stormwater plan compliance in fiscal 2005, including 1,050 sites operating under a general permit for construction activity. Approximately 4,400 of these sites were inspected in fiscal 2005.

Responsible Person Training and Certification for Erosion and Sediment Control

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

Water Supply and Wetlands

Water and Sewerage Construction Permit

A water and sewerage construction permit is required before installing, extending, or modifying community water supply and/or sewerage systems including treatment plants, pumping stations, and major water mains and sanitary sewers. However, smaller scale activities, such as construction of a conventional septic tank or mound system, do not require this permit. In fiscal 2005, the administration issued 190 water and sewerage construction permits; 711 permits were in effect at the end of the fiscal year.

Water Appropriation and Use Permit

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

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

Drinking Water Sampler Certification

A drinking water sampler certification is primarily required 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 federal 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. Over 3,000 individuals were certified in calendar 2005.

Well Driller License

The Board of Well Drillers ensures that the groundwater used for drinking water supplies is not contaminated by improper well construction activities and that the public is protected from unqualified or incompetent well drillers. The board issues licenses to persons who drill water supply and geotechnical wells or install water pumps or water conditioning equipment; approximately 600 people were licensed to drill wells as of the end of 2005. Well drilling includes making, altering, repairing, or disconnecting well system equipment.

For further information contact:

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

Well Construction Permit

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

Tidal Wetlands License and Permit

The Tidal Wetlands Program is responsible for maintaining the reasonable use of tidal wetlands and furnishing essential resource protection. Through the issuance of a tidal wetlands license or permit, the administration regulates the following activities that affect tidal wetlands:

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

The administration issues almost 2,000 of these permits annually; at the end of fiscal 2005, 7,048 tidal wetlands permits were in effect.

Nontidal Wetlands and Waterways Permit (Nontidal Wetlands)

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

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

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

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

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

The administration issued over 800 nontidal wetlands and waterways permits in fiscal 2005; 4,069 permits were in effect at the end of the fiscal year.

Dam Safety Permit

The Maryland Dam Safety Division issues waterway construction permits for new dams and ponds, as well as modifications to existing water impoundments, to prevent dam failures and related impacts (*e.g.*, loss of life or property, environmental damage). In calendar 2005, there were 353 permits in effect.

Environmental Sanitarian License

The State Board of Environmental Sanitarians in the administration regulates professionals who routinely perform inspections and investigations related to enforcing Maryland's health and environmental laws and regulations governing 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. Nearly 700 sanitarians were licensed to practice in Maryland in calendar 2005.

For further information contact:

State Board of Environmental Sanitarians
Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
410-537-3597
Toll Free: 800-633-6101
Web Site: http://www.mde.state.md.us/

Coal Mining and Oil and Gas Drilling

The Minerals, Oil, and Gas Division, as well as the Bureau of Mines, within the administration, regulate mining and drilling activities. Maryland has over 800 million tons of coal reserves that are mined in Allegany and Garrett counties.

Coal Mining Permit

A coal mining permit is required for surface coal mining, deep coal mining, prospecting, preparation plants, loading facilities, and refuse reclamation operations. Mining permit requirements are aimed at minimizing the impact of acid mine drainage, which can seriously impair water quality and aquatic habitat. In calendar 2005, 66 coal mining permits were in effect.

Coal Mining Operator License

Maryland requires anyone responsible for a coal mining operation to obtain a mining operator license from the administration. The license ensures that coal mining operations meet the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements. Thirty-four operators were licensed in calendar 2005.

Surface Coal Mining Blaster Certification

The use of explosives on surface coal mining operations must be conducted under the direction of a certified blaster. A blaster is the person who is directly responsible for the use of explosives on surface coal mining operations. The blaster must be familiar with the blasting plan and site specific performance standards for the mining operations. In calendar 2005, there were 30 certified blasters.

Surface Mining License

Maryland requires anyone responsible for a surface mining operation to obtain a license from the administration. The license ensures that noncoal mining operations meet the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

Noncoal Mining Permit

To minimize the effects of noncoal mining activities (sand, gravel, clay, limestone, granite, shale, and dimension stone) on the environment, provide proper land reclamation, and ensure public safety, a permit is required to conduct surface mining. Nearly 400 of these permits were in effect in calendar 2005. The administration requires a performance bond of $1,250 per acre to ensure that the land is restored properly.

Oil and Gas Exploration and Production

Any person proposing to drill a well for oil or gas must first obtain a permit from the administration's Mining Program. Permits are also required for seismic operations and the operation of a gas storage facility. The review process evaluates the technical adequacy of the project, ensures sufficient environmental controls are employed, and assures citizens that property and mineral interests are protected. Nine permits were issued in fiscal 2005; at the end of the fiscal year there were 95 permits in effect.

For further information contact:

Water Management Administration
Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
410-537-3567
Toll Free: 800-633-6101
Web Site: http://www.mde.state.md.us/

Waste Management

The mission of the department'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, managing lead paint compliance activities, ensuring that oil is handled in an environmentally safe manner, and ensuring 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 at over 30,000 locations to ensure proper management of solid waste, hazardous waste, sewage sludge, petroleum products, medical waste, lead, and scrap tires;

- remediating leaking underground storage tank sites and enforcing laws pertaining to the proper installation and operation of over 15,000 underground storage tank facilities;

- implementing a "Superfund" program to assess suspected hazardous waste sites, including federal facilities, to eliminate environmental and public health threats through removal and remedial actions;

- administering a voluntary program to encourage the cleanup, reuse, and redevelopment of abandoned, contaminated industrial and commercial properties (referred to as "Brownfields"); and

- facilitating planning and tracking of the generation and disposal of low-level radioactive waste, and encouraging regional management.

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

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

Solid Waste Program

The Solid Waste Program oversees disposal and handling of domestic, commercial, and nonhazardous industrial solid waste. In calendar 2004, over eight million tons of solid waste was accepted at Maryland facilities, of which 8 percent was recycled, 43 percent was landfilled, and 17 percent was incinerated. The remainder was transported for disposal. Maryland is among the lead exporters of solid waste in the United States. Several of the activities described below require other types of State permits and local government approval. Public input is usually solicited to determine and address any community concerns before a permit is issued.

Refuse Disposal Permit

Any person who installs, materially alters, or extends a refuse disposal system must obtain a refuse disposal permit. Refuse disposal systems that require this permit include municipal landfills; land clearing debris landfills; industrial landfills; rubble landfills; municipal and special medical wastes incinerators; waste transfer stations; and waste processing facilities. In calendar 2005, 77 refuse disposal permits were in effect.

Groundwater Discharge Permit for Rubble Landfills

A groundwater discharge permit, along with a refuse disposal permit, includes limitations and requirements deemed necessary to protect public health and minimize groundwater pollution. A groundwater discharge permit for rubble landfills regulates the discharge of pollutants that may be generated as a result of rainwater or groundwater passing through the rubble waste in an unlined disposal cell and seeping into groundwater

beneath the landfill. Rubble waste consists primarily of waste resulting from construction and demolition activities and land-clearing debris.

Because all rubble landfills constructed after July 1, 2001, are required to have liners and leachate collection systems, groundwater discharge permits are no longer required for recently constructed rubble landfills. However, previously existing unlined rubble landfills are required to maintain these permits until such time as the administration determines that a regulated discharge is no longer occurring. In calendar 2005, 20 such permits were in effect.

Sewage Sludge Utilization Permit

A sewage sludge utilization permit is required for any person who collects, incinerates, stores, treats, and applies to land, transports, or disposes of sewage sludge in Maryland. In calendar 2005, 759 sewage sludge utilization permits were in effect.

Natural Wood Waste Recycling Facility Permit

A natural wood waste recycling facility general permit assures the proper management and recycling of natural wood wastes such as tree limbs and stumps, brush, root mats, logs, leaves, and grass clippings that are generated when land is cleared for construction purposes. This permit is required for those persons who construct and operate natural wood waste recycling facilities. There were approximately 30 such facilities licensed to operate in calendar 2005. Facilities operated by a business that provides recycling services solely for its employees or for its own recyclable materials generated on its own premises are exempt.

Scrap Tire Management Licenses and Approvals

Any person who transports, collects, processes, recycles, disposes, or incinerates tires, or utilizes scrap tires as fuel, must obtain the appropriate authorization. Over 3,100 facilities were licensed to haul, collect, store, recycle, or process scrap tires in calendar 2005. The majority of them are haulers or general collection facilities. The necessary licenses or approvals are listed below:

- a Scrap Tire Hauler License for commercial businesses that transport more than five scrap tires annually to or from approved facilities;

- a Scrap Tire Collection Facility License for facilities that collect or accumulate scrap tires temporarily and transfer the tires to other licensed or approved scrap tire facilities – a general facility can accumulate no more than 50 tires at one time,

while secondary and primary facilities can accumulate up to 1,500 tires at one time;

- a Scrap Tire Recycler License for facilities that recycle or process scrap tires into raw materials or marketable products;

- a Tire Derived Fuel or Substitute Fuel Facility Approval to utilize scrap tires (whole or chipped) as a fuel or supplemental fuel; and

- a Solid Waste Acceptance Facility Approval to authorize processing of scrap tires at permitted solid waste acceptance facilities (incinerators, transfer stations, etc.).

The administration oversaw the cleanup of 43 stockpiles in fiscal 2005, resulting in the removal almost 200,000 tires; 61 stockpiles were remaining in fiscal 2005.

Oil Control Program

Oil Operations Permit

Any person who stores more than 10,000 gallons of oil in an above-ground tank, stores 1,000 gallons of used oil, transports oil, or operates an oil transfer facility must obtain an oil operations permit. The administration had approved 1,093 permits in calendar 2005. Any person who stores less than 10,000 gallons or 1,000 gallons of used oil is exempt from this requirement but is not exempt from spill reporting, construction, and other regulatory standards or procedures.

An oil operations permit for treatment of oil contaminated soils is required for anyone who stores and treats oil contaminated soil. Typical treatment technologies include thermal desorption, physical/chemical stabilization, brick manufacturing, and a variety of biological treatments. Three permits were in effect in calendar 2005.

Oil Transfer License

An oil transfer license is required for any person who transfers oil (all volumes) in larger than 55-gallon drums into Maryland. Funds received from the oil transfer license fee are used to fund the State's oil control and spill response activities and to reimburse underground storage tank owners or operators for costs incurred for the cleanup of contaminated sites. Over 200 of these licenses were in effect in calendar 2005.

Oil Control Program General Wastewater Discharge Permit

A general permit for wastewater discharges (ground or surface water) from oil-related activities is issued to categories of business activities that are generally very similar in their wastewater characteristics. In calendar 2005, 194 such permits were in effect. General permits with standardized permit conditions have been established for:

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

- remediated groundwater from petroleum contaminated groundwater sources.

Surface Water Discharge Permit for Oil Terminals

A surface water discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State surface waters. There were 15 such permits in effect in calendar 2005.

Groundwater Discharge Permit for Oil Terminals

A groundwater discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State groundwaters. Oil terminals receiving oil by pipeline or marine transfer that have greater than 5 million gallons of storage capacity must apply. In calendar 2005, there were no groundwater discharge permits in effect.

Underground Storage Tank Technician and 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. In calendar 2005, approximately 350 technicians were certified to work on underground storage tanks.

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

Hazardous Waste Program

Controlled Hazardous Substance Facility Permit

A controlled hazardous substance facility permit is required for the construction and operation of a facility used to treat, store, or dispose of hazardous waste. Twenty such permits were in effect in calendar 2005.

Hazardous Waste: Environmental Protection Agency Identification Number Assignment

Generators, transporters, and facilities that treat, store, or dispose of hazardous waste are required to notify the U.S. Environmental Protection Agency (EPA) and the administration of the intent to generate, transport, and/or manage hazardous waste. Upon notification to the administration, an EPA identification number is assigned. More than 9,100 EPA numbers had been assigned to Maryland facilities or transporters in calendar 2005.

Controlled Hazardous Substances Hauler, Vehicle, and Driver Certification

To ensure the safe transport of hazardous wastes within Maryland, the administration regulates the movement of controlled hazardous substances by certifying controlled hazardous substance haulers, vehicles, and drivers, and by requiring manifests to track hazardous waste. Over 1,300 haulers, vehicles, and drivers were certified in calendar 2005.

Special Medical Waste Hauler and Vehicle Certification

To ensure the safe transport of medical wastes within Maryland, the administration regulates the movements of medical wastes by certifying haulers and vehicles. In calendar 2005, 42 haulers and 114 vehicles were certified to transport medical waste.

Lead Poisoning Prevention Program

The Lead Poisoning Prevention Program serves as the coordinating agency of statewide efforts to eliminate childhood lead poisoning – the program's goal is to eliminate lead poisoning by 2010. Approximately 0.1 percent of all Maryland children tested in 2005 had lead poisoning, and 1.3 percent had elevated levels of lead, a decline from 2004. Program staff ensures compliance with mandatory requirements for lead risk

reduction in rental units built before 1950. At the end of fiscal 2005, there were 194,939 rental dwelling units registered with the program.

Lead Paint Accreditation

The Lead Paint Accreditations Program oversees lead poisoning prevention activities and reduces the incidence of childhood lead poisoning. One of the program's activities includes the oversight of lead paint abatement work. This work includes any activity which eliminates or reduces lead paint hazards, including paint removal, replacement of components, encapsulation, repainting, or inspection.

Lead Paint Training and Instructor Approvals

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

In fiscal 2005, the administration issued 1,416 accreditations to inspectors, risk assessors, supervisors, contractors, instructors, and courses of instruction. A total of 2,586 accreditations/approvals were in effect at the end of the fiscal year.

Environmental Restoration and Redevelopment Program

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

As of July 20, 2006, 169 properties had been cleaned up under the Voluntary Cleanup Program, and 58 cleanups were pending.

For further information contact:

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

Technical and Regulatory Services Administration

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

Through the enforcement of the laws and regulations that govern the actions of the department's programs, each program individually and collectively contributes to the compliance process. In addition to State laws and regulations, federal rules and regulations also must be implemented. In many instances, an individual company or industrial facility may fall under the jurisdiction of several environmental programs at the federal, State, or local level. However, most enforcement programs share common functions, such as inspections and evaluations.

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

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

In fiscal 2005, the unit conducted 60 criminal investigations and completed 11 prosecutions.

The department is required by statute to report compliance activity data about its enforcement activity at facilities that are subject to regulation. Exhibits 3.1 and 3.2 provide summaries of the department's various fiscal 2005 compliance performance measurements required under statute and the fines collected pursuant to Section 1-301(d) of the Environment Article.

Exhibit 3.1
Maryland Department of the Environment
Compliance Activity Performance Measurements
Fiscal 2005

Permitted Sites and Facilities	
Number of Permits/Licenses Issued	10,799
Number of Permits/Licenses in Effect	73,155
Other Regulated Sites and Facilities	
Other Sites	222,673
Number of Entities Requiring Oversight	187,070
Inspections	
Number of Sites Inspected	43,722
Number of Inspections, Audits, Spot Checks	103,586
Enforcement Actions	
Number of Compliance Assistance Rendered	10,953
Number of Enforcement Actions Taken	1,395
Penalties	
Amount of Penalties Obtained*	$1,631,054

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

Source: Maryland Department of the Environment, *FY 2005 Annual Enforcement and Compliance Report*

Exhibit 3.2
Fines Collected for Enforcement Actions*
Fiscal 2005

Clean Air Fund	$ 403,000
Clean Water Fund	591,970
Hazardous Substance Control Fund (HSCF)	87,381
Recoveries for Expenditures from HSCF (Environment Article under Section 7-221)	16,395
Nontidal Wetland Compensation Fund	0
Oil Disaster Containment, Clean Up, and Contingency Fund	109,853
Sewage Sludge Utilization Fund	0
Total	**$1,208,599**

*Only includes those funds required to be reported by the Environment Article under Section 1-301(d). An additional $422,455 fine revenue was collected by the department but not deposited in these specific funds.

Source: Maryland Department of the Environment, *FY 2005 Annual Enforcement and Compliance Report*

For further information contact:

Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
Technical and Regulatory Services Administration: 410-537-3572
Environmental Crimes Unit: 410-537-3025
Web Site: http://www.mde.state.md.us/

Chapter 4. Consumer Protection

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

Regulatory Authority

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

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

The division operates through the following units:

- the Home Builder Registration Unit;
- the Health Club Unit;
- the Health Education and Advocacy Unit;
- the Enforcement Unit;
- the Education Unit;
- the Mediation Unit; and
- the Arbitration Unit.

The Home Builder Registration Unit, described in Chapter 14 of this handbook, registers home builders and ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws. The Health Club Unit registers health clubs and ensures that they are properly bonded. The Health Education and Advocacy Unit assists health care consumers in understanding their health care bills; assists patients with health equipment warranty issues; mediates patient disputes with health care providers; and assists patients in filing grievances under their health insurance providers' internal grievance processes. The Enforcement Unit investigates unfair or deceptive trade practices. The Education Unit prepares publications and designs other activities to inform the public of their rights and responsibilities as consumers. The Mediation Unit resolves disputes between consumers and businesses through mediation, and the Arbitration Unit renders binding decisions on disputes that cannot be resolved through mediation, provided both parties agree to submit the dispute to arbitration. Neither party is charged for this service.

The division's responsibilities include:

- mediating complaints through a unit comprised of professional supervisors and trained volunteers;
- providing a unique voluntary binding arbitration program;
- seeking restitution for consumers, civil penalties, and costs through administrative hearings and court proceedings;
- making policy recommendations to the Governor and the General Assembly;
- assisting, developing, and conducting programs of consumer education and information through publications and other materials prepared for the public;
- undertaking activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the promotion and sale of consumer goods and services;
- protecting the public from fraudulent schemes and promotions;
- reporting to other law enforcement authorities information about violation of the laws affecting consumers;
- enforcing registration requirements for home builders operating in the State;
- enforcing registration and bonding requirements for health clubs operating in the State; and
- promoting the interests of consumers of health care goods and products by mediating consumer complaints and assisting consumers in filing grievances with their insurance providers' internal grievance processes.

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

The Consumer Protection Division's activities in fiscal 2006 are summarized in Exhibit 4.1.

Exhibit 4.1
Consumer Protection Division Activities
Fiscal 2006

Number of Inquiries	75,000
Number of Complaints Received	14,339
Number of Arbitrations	100
Number of Cease and Desist Hearings	57
Amount of Recoveries for Consumers	$12,028,143

Source: Consumer Protection Division

Health Education and Advocacy

Health insurers must notify their insureds that the Health Education and Advocacy Unit is available to assist if a consumer wishes to appeal a denial of coverage (refusal to cover a medical procedure or to pay a medical services that has already been provided). Patients appealing an insurer's decision may obtain assistance by calling the unit's toll-free hotline (provided at the end of this chapter). The unit conducts several outreach programs to patient and provider organizations to increase public awareness of patient and provider rights and of the resources provided by the unit. When necessary, the unit will file a formal written grievance with a health insurer on behalf of a patient. If the insurer continues to deny a claim at the conclusion of the grievance process, and the patient or health care provider wishes to pursue the matter further, the unit transfers the case file to the Maryland Insurance Administration.

Consumer Protection Laws

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

Advertising

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

Aftermarket Crash Parts

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

Automotive Repair Facilities

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

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

Automotive Warranties

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

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

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

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

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

Condominium Sales

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

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

Consumer Debt Collection

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

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

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

Credit Cards and Payment by Check

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

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

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

Credit Denial and Consumer 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 who applies for credit whether she plans to have children.

A consumer reporting agency may furnish a consumer report only:

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

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

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

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

Credit Services Businesses

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

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

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

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

violators. The Consumer Protection Division also has authority to enforce the Credit Services Businesses Law.

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

Debt Management Services

Debt management services means (1) receiving funds from a consumer in order to distribute funds among the consumer's creditors to pay the consumer's debts; or (2) settling, adjusting, prorating, pooling, compromising, or liquidating a consumer's indebtedness.

Under the Maryland Debt Management Services Act, a person must obtain a license from the Commissioner of Financial Regulation prior to providing debt management services. Only a nonprofit organization under § 501(c) of the Internal Revenue Code may qualify for a license. In addition, applicants are required to meet specified net worth requirements and post surety bonds.

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

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

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

Door-to-door Sales

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

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

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

Door-to-door Solicitations

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

The solicitor is required to provide the consumer with a pledge form and inform the consumer that a pledge to contribute is not an enforceable contract and the consumer may rescind a pledge at any time. The solicitor also must inform the consumer of the consumer's right to request a refund of a contribution within 30 days after it is made.

Electrical Products

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

Electronic Mail and Facsimile Transmission

A person may not initiate, conspire with another person to initiate, or assist in the transmission of a commercial electronic mail message that (1) misrepresents or obscures

any information relating to the point of origin or transmission path of the message; or (2) contains false or misleading information in the subject line.

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

Fine Prints

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

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

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

Foreclosure Consultants

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

A person who acts as a foreclosure consultant must provide homeowners with a contract that includes information regarding the services to be provided and the foreclosure consultant's compensation. The consultant must also provide a notice regarding the homeowners' right to rescind the contract and any foreclosure reconveyance. A demand for payment by a consultant for services rendered may not be made until all services promised under the contract are performed. A foreclosure consultant may not charge more than 8 percent a year for interest on a loan that the consultant makes to a homeowner.

A foreclosure purchaser is a person who acquires title or possession of a deed or other document to a residence in foreclosure as a result of a foreclosure reconveyance. Such a purchaser must make a detailed accounting of the basis for the amount of a

payment made to the homeowners of a property resold within 18 months after entering into an agreement. The foreclosure purchaser must ensure that the homeowners receive at least 82 percent of the net proceeds of any resale of the property.

Gift Certificates and Gift Cards

A gift certificate may not expire or be subject to any fees within four years after it is purchased in the State. A gift certificate is a device that is (1) sold or issued for a cash value that can be used to purchase goods or services; or (2) issued as a store credit for returned goods. Prepaid calling cards and gift certificates given for free under an awards, loyalty, or promotional program are not considered gift certificates.

A gift card that is processed through a national credit or debit card service and may be used to purchase goods or services from multiple unaffiliated sellers of goods or services may expire or be subject to fees if the expiration date and information about the fees are printed on the front or back of the gift card, or a written statement regarding the expiration date and fees is given to the purchaser.

Gold and Silver

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

Health Club Services

A person who sells health club services must register with the Consumer Protection Division and purchase a surety bond for the purpose of reimbursing members who sustain any loss or damage in the event that the health club closes or files for bankruptcy.

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

Hearing Aid Sales

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

Home Appliance Repairs

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

Household Goods Movers

Under the Maryland Household Goods Movers Act, household goods movers may not enforce or threaten to enforce a carrier's lien or refuse to deliver a consumer's household goods when providing moving services within the State for a fee. Violation of the Act is an unfair or deceptive trade practice under the Maryland Consumer Protection Act.

A household goods mover must provide a consumer with a written receipt that states (1) the household goods mover's legal name; and (2) the address and telephone number of either the household goods mover's resident agent in the State or, if there is no resident agent, the principal place of business of the household goods mover.

Immigration Consulting Services

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

An immigration consultant may not:

- provide legal advice or legal services concerning an immigration matter;

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

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. The Consumer Protection Division has adopted a disclosure form to be used by persons who sell kosher food. Packaged kosher food must have a kosher identification attached to the outside of the package.

Late Fees – Consumer Contracts

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

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

- the amount of the late fee may be up to 1.5 percent per month of the payment amount that is past due.

A late fee included in a consumer contract may not be imposed until 15 days after the date the bill was rendered for the goods or services provided. If a bill is not rendered, a late fee may not be imposed until 15 days after the payment amount becomes due. A late fee imposed under the Consumer Protection Law is subject to any additional

limitation or condition prescribed by any federal, State, or local regulatory agency or authority having jurisdiction over entities imposing late fees.

Layaways

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

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

Merchandise Delivery

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

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

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

Mortgage Servicers

A mortgage servicer must send to a mortgagor, within seven days after acquiring the mortgage servicing, a written notice containing information about the mortgage on

the date of transfer and the new servicer. The information must include the principal and escrow balances of the mortgage and the address where mortgage payments are to be sent.

Motor Vehicle Leasing

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

A consumer motor vehicle lease must be in writing, signed by the lessor and lessee, and contain disclosures regarding such matters as insurance coverage, ownership rights, early termination penalties, capitalized costs, and the lessee's rights upon default. A lessor, when extending an existing lease or offering a new lease to cure a default, may not include a provision that is less favorable to the lessee than the original lease. The lessor, however, may increase the security deposit, down payment, or the lease payments as long as the total payments over the new or extended lease term do not exceed the total payments under the original lease.

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

New Home Warranties

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

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

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

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

Prizes Conditioned on Purchases or Sales Promotions

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

Product Guaranties and Service Contracts

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

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

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

- the contract's duration, measured by time or product usage, and the contract's purchase price and terms, including the provider's obligations;
- any reasonable and necessary maintenance required to be performed by the person guaranteed as a contract condition;
- the merchandise and services to be provided and the procedures to follow to obtain services or file a claim under the contract;
- any limitations, exceptions, or inclusions under the contract;
- the terms, restrictions, or conditions governing cancellation of the contract before its stated termination date; and
- any means established by the provider for quick informal settlement of a dispute.

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

Reserved Seats

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

Social Security Number Privacy

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

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

- initiate the transmission of an individual's Social Security number over the Internet unless the connection is secure or the individual's Social Security number is encrypted; or
- require an individual to use the individual's Social Security number to access an Internet web site unless another authentication method is required.

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

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

Telemarketing

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

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

Do Not Call Registry

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

Telephone Records

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

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

Unit Pricing

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

Vacation Club Memberships

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

Work-at-home Advertisements

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

Enforcement and Penalties

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

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

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

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

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

For further information contact:

Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 17th Floor
Baltimore, Maryland 21202
Administrative Office: 410-576-6550
Consumer Complaints Hotline: 410-528-8662
Toll-free Consumer Complaints Hotline: 888-743-0023
Health Club Complaints: 410-576-6566
Home Builder Registration: 410-576-6573
Medical Billing/Health Insurance Complaints: 410-528-1840
Toll-free Health Plan Decision Appeals Hotline: 877-261-8807
Web Site: http://www.oag.state.md.us/consumer/index.htm

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

Section II. Industry-specific Regulation

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

Section II is organized as follows:

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

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

Chapter 5. Agriculture

While experiencing some decline in recent years, agriculture continues to be a vital industry in Maryland. The number of farms in Maryland has remained fairly steady, dropping slightly from 12,400 in 2000 to 12,100 in 2005. Agriculture remains the largest single land use in Maryland, with roughly 33 percent of total land area (2.1 million acres) used for farming. Approximately 350,000 people are employed in some aspect of agriculture, making it the largest commercial industry in the State. Furthermore, Maryland farms contribute greatly to the economy – the value of agricultural products sold in the Chesapeake Bay watershed totaled nearly $8 billion in 2002. Leading cash crops include broilers, nursery products, milk, soybeans, and corn. Nontraditional businesses, such as nurseries, agritourism, and equestrian farms continue to grow.

Land prices, market access, environmental compliance, and urbanization are among the leading challenges that continue to face the industry. Despite recent increases in farm income (average gross farm income increased from $137,312 in 2002 to $170,147 in 2004), profitability is a top concern among farmers due to stagnation in some commodity prices and other factors.

In order to protect the integrity of agricultural operations and the environment, as well as to provide consumers with safe food products of high quality, this industry is closely regulated. In 2005, following statewide "listening sessions" with farmers, the Department of Agriculture compiled information about existing regulations and posted them on its web site at www/mda.state.md.us/on_web/ag_links/countyag.php. Regulation is carried out by the following offices of the department:

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

The department also administers the Maryland Agricultural Land Preservation Foundation and supports several boards and commissions, including the Maryland Agricultural Commission, which advises the Secretary on agricultural policy, helps the department promote farming, and evaluates regulations that affect the industry. Agricultural industries are likewise subject to federal oversight. For detailed information on federal regulation of agricultural land and products, county agriculture extension agents may be consulted.

Office of Marketing, Animal Industries, and Consumer Services

The regulation of programs that deal with the weight, measurement, production, marketing, and promotion of agricultural commodities is under the Office of Marketing, Animal Industries, and Consumer Services. Units within the office include:

- Agricultural Statistics Service;
- Agribusiness Development and Direct Marketing;
- Seafood Marketing and Aquaculture Development;
- National Marketing;
- International Marketing;
- Weights and Measures;
- Food Quality Assurance; and
- Animal Health.

This office also supports the Maryland Horse Industry Board, the State Board of Veterinary Medical Examiners, and the Tobacco Authority. The services provided by each of these functions are described below.

Agricultural Statistics Service

The Agricultural Statistics Service, which is a field office of the U.S. Department of Agriculture (National Agricultural Statistics Service), provides the public with data regarding the production of crops and livestock in the State. The service also gathers and publishes information on land use, income, commodity and land prices, labor, and farm demographics. Publications include *Maryland Agricultural Statistics* (annual) and *Maryland Agri-Facts* (bi-monthly). This information is used to measure the performance of the agriculture sector in the Maryland economy and to track trends and changes in land use and output.

For further information contact:

Agricultural Statistics Service
Department of Agriculture
50 Harry S. Truman Parkway, Suite 202
Annapolis, Maryland 21401
410-841-5740
Toll Free: 800-675-0295
National Agricultural Statistics Service Web Site: www.nass.usda.gov/md/

Agribusiness Development and Direct Marketing

The Agribusiness Development and Direct Marketing Program assists Maryland farmers and other agricultural entrepreneurs in the establishment and expansion of their production. Entrepreneurs receive personalized needs assessments and counseling. The program identifies both private sector and government agency contacts that help business owners develop business plans, obtain financing, meet regulatory requirements, and locate product distributors.

The program provides market research, marketing and other networking opportunities, and a centralized source of business development information to small, new-to-market agriculture-related businesses, as well as to larger, more established agricultural operations. Outreach focuses on increasing demand for local agriculture, thus increasing employment opportunities and enhancing the sustainability of local agricultural communities throughout the State. For example, the program manages a federal program to educate farmers about crop insurance, which can help stabilize the agricultural economy when crop yields are low. Maryland's crop insurance participation grew by 14 percent from 2003 to 2005.

The program also assists in the evaluation process for the Maryland Agricultural Education and Rural Development Assistance Fund, a State grant program targeted toward rural economic development. In fiscal 2005, 14 grants totaling $147,658 were awarded to regional or statewide organizations that serve rural areas.

The program also supports the Young Farmers Advisory Board, which was established by legislation in 2004 to identify ways to draw younger individuals into agriculture and address the barriers they may face.

For further information contact:

Agribusiness Development and Direct Marketing Program
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5777
Web Site: www.mda.state.md.us

Seafood Marketing and Aquaculture Development

The Seafood Marketing Program promotes the sale and consumption of Maryland seafood and aquaculture products through education, promotion, and advertising. The

total estimated value of the State's seafood industry has remained steady at $700 million. In fiscal 2005, over 49 million pounds of fish were caught for commercial purposes, with a dockside value of more than $49 million. (There were 75 seafood processing plants employing 1,471 people, and over 6,600 watermen who worked the Chesapeake Bay in fiscal 2004.)

The Aquaculture Development Office works closely with the Agriculture Education Foundation, Maryland high schools, other State agencies, industry representatives, and other interested parties to promote the development and expansion of the aquaculture industry. The office serves as an information resource and provides technical assistance on production systems, obtaining permits, financing, and marketing. The number of commercial aquafarms in Maryland that raise a variety of food fish, sport fish, mollusks, crustaceans, bait fish, ornamental fish, and aquatic plants has dropped from 45 in fiscal 2001 to 30 in fiscal 2005; however, additional farms are expected to resume production.

For further information contact:

Seafood Marketing and Aquaculture Development
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5724
Web Site: http://marylandseafood.org

National Marketing

The National Marketing Program promotes agricultural products and business through a wide variety of programs including farmers' markets; farmers' market nutrition programs; the Delmarva Shore-to-Store program; "Maryland's Best;" and agricultural fairs, trade shows, and other promotional events.

By 2005, the National Marketing Program had supported the development of 73 farmers' markets throughout the State that generated an estimated $2.5 million in sales. Also in 2005, 251 farmers from various farmers markets participated in the farmers' market nutrition program, which began in the late 1980s to help growers bring their produce to community-based markets. The nutrition program has two components, the Supplemental Food Program for Women, Infants, and Children and the Senior Nutrition Program, both supported by coupons funded by the U.S. Department of Agriculture.

The Delmarva Shore-to-Store program, jointly funded by Maryland, Delaware, and Virginia, promotes the retail purchase of locally grown produce on the Delmarva Peninsula. For the past several years, retail purchases have exceeded $1 million. In 2005, farmers estimated their sales to be over $2 million, including $700,000 for Maryland farmers.

"Maryland's Best," a marketing and quality assurance initiative developed and launched in 2002, designates food products that have been grown, processed, or manufactured in the State with a logo bearing that program title. Program participants must agree to meet specified quality and environmental standards in the production process. In return, these "best" products are distinctively identified and promoted in grocery and specialty food stores, farmers' markets, and restaurant menus.

Numerous agricultural fairs, trade shows, and other events have long been an effective method to promote individual farm products as well as the overall business of agriculture. As part of the National Marketing Program, the Maryland Agricultural Fair Board administers State grants for these events. In fiscal 2005, this amounted to approximately $770,000 for the support of 60 agricultural events attended by 1.5 million people. As part of the National Marketing Section, the Maryland Agricultural Fair Board administers State grants for these events, which amounted to approximately $770,000 in fiscal 2005 for the support of 60 agricultural events attended by 1.5 million people. An estimated 185,000 exhibitors participated in these events.

For further information contact:

National Marketing Program
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5777
Web Site: www.mda.state.md.us/md_products/md_products.php

International Marketing

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

The program has worked with 40 countries, including Japan, Ukraine, Canada, and China, to develop agribusiness opportunities. The program is focused on creating market access overseas for seafood, horses, horticulture, and processed foods. Agricultural exports have fluctuated but are on the rise – dropping from $281 million in 2001 to $215 million in 2003, then growing to $248 million in 2004. Maryland also participates in the "Go South" initiative, a 15-state program that markets fruits and vegetables from southern states to Canada.

For further information contact:

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

Weights and Measures

The Weights and Measures Program inspects and tests all weighing and measuring devices used in the purchase and sale of commodities or the exchange of goods and services, such as gasoline pumps and food scales at supermarkets. Prepackaged commodities are likewise inspected and tested for accuracy of quantity statements and for compliance with labeling requirements. Intervals between inspections are no more than 18 months. Maryland's National Type Evaluation Program Laboratory is one of only four fully participating laboratories in the nation, as authorized by the National Conference on Weights and Measures. Also, the program oversees the examination and licensing of individuals for related functions and conducts undercover investigations. The program's activities in fiscal 2003 to 2005 are summarized in Exhibit 5.1.

Exhibit 5.1
Weights and Measures
Administrative Controls and Other Functions
Fiscal 2003-2005

	2003	2004	2005
Registration Certificates Issued for Weighing and Measuring Devices	7,520	7,489	7,373
Type Evaluation of Devices Conducted	57	56	55
Sampler and Tester Licenses Issued	27	24	19
Citizen Complaints Received and Investigated	335	446	442
Disciplinary Hearings, Criminal Arrests, and/or Summonses Obtained	9	10	18

Source: *Maryland Department of Agriculture Annual Report 2005*

For further information contact:

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

Food Quality Assurance

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

For further information contact:

Food Quality Assurance Program
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5769
Web Site:
www.mda.state.md.us/feed-food_safety-grading/food_qual_assur/index.php

Grading Services

The Grading Services Section provides producers and processors with a voluntary certification program for agricultural commodities including meat, poultry, eggs, fruit, vegetables, and grain. This certification system provides a uniform basis for marketing agricultural commodities and ensures buyers that certified products meet quality standards. Section employees inspect and certify the quality, size, labeling, weight, sanitation, and packaging of agricultural commodities. Commodities meeting the standards set by the U.S. Department of Agriculture or the Maryland Department of Agriculture are officially identified by section employees. The cost of the service is paid by the users. In fiscal 2005, the section certified more than 270 million pounds of poultry as USDA Grade A and more than 55 million pounds of shell eggs as USDA Grade A or AA, a decline from previous years due to the consolidation of these two industries.

Egg Inspection

The Egg Inspection Section inspects eggs sold at the wholesale, retail, and food service levels to ensure that Maryland eggs meet mandatory standards as to quality, size, microbial and physical contamination, refrigeration, labeling, and record-keeping. Compliance with the Maryland Egg Law rose to 90 percent by fiscal 2005. Inspection is financed through the collection of $.0026 on every sale of a dozen eggs.

All wholesalers and egg packers selling eggs in Maryland are required to register with the department annually. Packers are required to submit information that qualifies their flock as meeting a Salmonella enteritidis risk reduction requirement. Producers can also participate in the section's voluntary Egg Quality Assurance Program to help reduce the risk of Salmonella.

Grain Dealers Licensing

The Grain Dealers Law Section licenses and regulates persons in the business of buying, receiving, exchanging, or storing grain from a grower. Annual license fees range from $50 to $300, depending on the amount of grain handled. An applicant must meet minimum insurance and net worth requirements. The section licensed 40 businesses at 65 locations in fiscal 2005. The section also publishes and distributes an annual directory of licensed grain dealers.

Organic Certification

The Organic Certification Section conducts inspections and reviews organic production and handling operations as a U.S. Department of Agriculture certifier. Operations meeting the National Organic Program's standards are issued a certificate by the department. In calendar 2004, this program had certified approximately 89 Maryland producers of organic food products on nearly 5,000 acres.

Animal Health

The Animal Health Section safeguards the health of food-producing animals and horses. The section plans and implements long-range programs to eradicate livestock diseases with a particular emphasis on those that are transmissible to humans, such as mad cow disease, West Nile virus, and anthrax. Of particular concern is avian influenza (bird flu), which caused 137 deaths in other countries from 2003 to 2006. In fiscal 2005, the section's laboratory staff performed over 2,400 bird flu diagnostic tests on poultry.

The section's major activities are both regulatory and service-oriented, and include health certification of animals imported into, or exported from, the State; inspection and licensing of livestock auctions, dealers, fairs, exhibitions, hatcheries, and farms; and operation of five veterinary diagnostic laboratories that support the department's field veterinarians, the private veterinary profession, and owners of agricultural and other types of animals. The section participates in several federal-state-industry cooperative disease eradication programs audited by the U.S. Department of Agriculture. The section also works closely with several units of the University of Maryland and numerous other local, regional, and national animal industry and animal health organizations.

For further information contact:

Animal Health Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5810
Toll Free: 800-492-5590
Web Site: www.mda.state.md.us/animal_health/

Maryland Horse Industry Board

The Maryland Horse Industry Board licenses and regulates horse stables. A horse stable license is required in order to stable five or more horses for compensation; sell five or more horses in one year; or let for hire a horse to be ridden or driven, whether or not riding or driving instruction is furnished. A stable must pass an inspection and pay a $75 application and inspection fee. Once licensed, each stable is inspected annually to ensure that board standards are maintained. Exempt from these licensing requirements are stables and farms where thoroughbred or standardbred horses are bred, trained, and rested, as well as farms where horses are used for agricultural purposes, such as cultivation of the soil or the herding of livestock. The board issued 473 licenses in fiscal 2005, 429 in fiscal 2004, and 386 in fiscal 2003.

In addition, the board is responsible for:

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

For further information contact:

Maryland Horse Industry Board
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5861
Web Site: www.marylandhorseindustry.org/index.shtml

State Board of Veterinary Medical Examiners

The State Board of Veterinary Medical Examiners licenses and regulates the veterinary profession. All Maryland veterinarians are licensed annually and required to have 12 hours of continuing education each year. In fiscal 2005, there were over 2,300 licensed veterinarians in Maryland. The board also registers veterinary technicians every three years. Veterinary technicians must have 24 hours of continuing education during this 3-year period.

Veterinary hospitals are issued annual licenses and are inspected to ensure compliance with State regulations. Sodium pentobarbital permits are issued to humane organizations that euthanize unwanted animals; records concerning the storage and use of this material are regularly reviewed. The activities of the board in fiscal 2003 to 2005 are summarized in Exhibit 5.2.

Exhibit 5.2
Veterinary Profession Regulation
Fiscal 2003-2005

	2003	2004	2005
Licenses Issued to New Veterinarians	158	133	166
Veterinary Hospitals Licensed	511	481	495
Complaints Received	66	66	71
Disciplinary Actions	33	41	40
Sodium Pentobarbital Permits Issued	30	26	27

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/about_mda/boardscomms/
md_veterinary_examiners.php

Tobacco Authority

The Tobacco Authority regulates the sale of leaf tobacco in the State. In administering the annual tobacco auction, the authority makes recommendations for fixed market dates and the regulation of market practices. However, only an estimated 100 acres of land were dedicated to tobacco crops in Southern Maryland in 2005 and that number is expected to drop even further. Similarly, auction sales in fiscal 2005 amounted to slightly more than 321,107 net pounds of tobacco leaf, as compared to approximately 3.6 million pounds in fiscal 2002.

This dramatic decline in tobacco output and sales is a direct result of the Tobacco Transition Program, and reflects a national trend. This program pays participating farmers for the average amount of tobacco brought to market from 1996 to 1998 if the farmer commits to retaining the land for agricultural production for 10 years. Buyouts are funded from a settlement reached in a multistate lawsuit against cigarette manufacturers; the sale of State bonds was authorized in 2001 to supplement funding for the program.

The authority is charged with general oversight of the buyout program, but it is actually administered by the Tri-County Council for Southern Maryland. In 2003, the Tri-County Council launched the "Southern Maryland, So Good" marketing campaign to assist farmers who want to convert tobacco crops to other types of products, such as grain or hay. As of January 2005, 877 farmers had contractually agreed to end tobacco production, representing 86 percent of tobacco producers.

For further information contact:

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

Office of Plant Industries and Pest Management

This office consists of six sections:

- forest pest management;

- mosquito control;
- pesticide regulation;
- plant protection and weed management;
- State chemist; and
- turf and seed.

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

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/plants-pests/

Forest Pest Management

In order to minimize loss caused by insect pests and diseases affecting both rural and urban forests, the Forest Pest Management Section manages two cooperative cost-share programs in association with the U.S. Forest Service: the Cooperative Gypsy Moth Suppression Program and the Cooperative Forest Health Program. The Cooperative Gypsy Moth Suppression Program conducts an Integrated Pest Management Program to protect forest and shade trees from defoliation by the gypsy moth. In 2005, for the first time since 1997, no gypsy moth suppression was required. The Cooperative Forest Health Program monitors and evaluates insects and diseases affecting Maryland forests. Of concern in recent years is the infestation of the pine shoot and Southern pine beetles and the Hemlock woolly adelgid, which are the subject of ongoing forest surveys.

For further information contact:

Forest Pest Management Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5922
Web Site: www.mda.state.md.us/plants-pests/forest_pest_mgmt/index.php

Mosquito Control

In order to reduce the risk of transmission of mosquito-borne disease to people and to relieve general annoyance, the Mosquito Control Section administers and implements a statewide mosquito control program. The program includes surveillance of population levels, source reduction, biological control, application of insecticides, evaluation of control strategies, and public education.

In calendar 2005, the section provided mosquito control service to 2,104 communities in all jurisdictions except Baltimore City and Garrett County. The program is available on a voluntary basis, and participating areas pay a share of the cost for direct services. A few counties provide their own service. One of the goals of the program is to reduce the risk of human exposure to West Nile virus, a disease that can cause severe physical effects in some humans. The number of human cases of this virus has declined significantly in Maryland – only five cases were reported in 2005.

For further information contact:

Mosquito Control Section
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5870
Web Site: www.mda.state.md.us/plants-pests/mosquito_control/index.php

Pesticide Regulation

The Pesticide Regulation Section regulates the use, sale, storage, and disposal of pesticides and enforces State and federal pesticide requirements. The section certifies private applicators, most of whom are farmers, as well as commercial applicators to ensure that pesticides are applied properly by competent and trained individuals. This section also inspects licensed pest control businesses, public agencies, and restricted use

pesticide dealers, and reviews pesticide application records, restricted use pesticide sales records, safety equipment, storage areas, and application equipment and vehicles. Pesticide misuse and consumer complaints are investigated.

Applicators are required to maintain competency by participating in regular mandatory training courses approved and monitored by the section. 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 and the pesticide industry.

Other projects include registration of pesticide sensitive individuals who receive advance notification of applications to be administered on adjacent properties; recycling of pesticide containers; disposal of unusable or unwanted pesticides; groundwater pesticide monitoring; and training of school personnel in Integrated Pest Management techniques. The activities of the section in fiscal 2003 to 2005 are summarized in Exhibit 5.3.

Exhibit 5.3
Pesticide Regulation
Fiscal 2003-2005

	2003	2004	2005
Pesticide Businesses Licensed	1,479	1,487	1,557
Private Applicators Certified*	3,048	2,860	3,957
Individuals Taking Examinations	540	770	867
Number of Businesses Inspected	1,164	1,316	861
Consumer Complaints Investigated	70	87	79

*Reflects total number of applicators certified at the end of 2005, including those who re-certified.

Source: *Maryland 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/plants-pests/pesticide_regulation/index.php

Plant Protection and Weed Management

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

All apiaries must be registered with the section. The section inspects and regulates apiaries in order to prevent the spread of bee disease and parasites. About $40 million worth of in-state crops require, or benefit from, honeybee pollination. In fiscal 2005, the section registered 987 beekeepers who manage over 8,000 colonies throughout the State.

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/plants-pests/plant_protection_weed
_mgmt/index.php

State Chemist

The State Chemist Section regulates the sale and distribution of animal feeds, commercial fertilizers, soil conditioners, pesticides, and agricultural liming materials. These products must be registered with the section, and a registration fee is required. Chemical analysis by the State chemist determines if a product meets the formulation

shown on its label. Inspections are often done by random selection of sample products offered for sale in the marketplace.

The section also has responsibility for enforcement actions, which may include removal from sale of unsafe, ineffective, or misbranded products. In fiscal 2005, the section issued 216 stop sale orders and 441 notices of products that were not properly registered. The section also has the authority to impose civil penalties.

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/plants-pests/state_chemist2.php

Turf and Seed

The Turf and Seed Section has two main functions: encouraging in-state production of quality turf and seed and ensuring the integrity of seed sold and purchased in Maryland. In fiscal 2005, section staff inspected almost 15,000 acres of crop seed and conducted over 3,000 regulatory seed tests. As the number of crop varieties continues to increase, the need for quality control will remain strong.

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

Seed wholesalers doing business in the State must obtain a wholesale seedsman's permit. The annual fee for the permit is $100. Department inspectors visit retail and wholesale seed vendors and draw samples from seed bags or bins that are then laboratory tested. Each seed lot is checked for purity, germination, and the presence of other crop or weed contaminants. Inaccurately labeled or misrepresented seed lots are removed from the marketplace.

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/plants-pests/turf_seed/index.php

Office of Resource Conservation

The Office of Resource Conservation implements various agricultural conservation and resource protection programs that assist farmers in balancing farm productivity with the protection of soil and water resources. Programs provide farmers with a range of educational, technical assistance, financial, and regulatory services. The office works with numerous local, State, and federal agencies in four key section areas: program planning and development; nutrient management; conservation operations; and conservation grants.

Program Planning and Development

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

Nutrient Management

Under the Water Quality Improvement Act of 1998, most Maryland farmers were required to have a nutrient management plan that addresses nitrogen and phosphorus runoff. Toward this end, the Nutrient Management Program administers all program components, including certification of nutrient management consultants, development of planning software, and sponsorship of training workshops. By the end of calendar 2005, approximately 80 percent of Maryland farm operations were in compliance with the law and covered by a nutrient management plan, a 20 percent increase over 2003. The department has certified 1,038 consultants to write these plans, including 176 farmers. Under a separate program authorized by Chapter 428 of 2004, 137 farmers were certified to write plans for their own farms.

Conservation Operations

The Conservation Operations Section focuses on the conservation of water resources. One approach is the formulation of comprehensive soil conservation and water quality plans designed to both identify and resolve pollution problems. In fiscal 2005, soil conservation planners developed 983 comprehensive plans for 78,791 acres of farmland, and 790 plans were updated to ensure their effectiveness. A second approach involves working with local public drainage associations in the development of operation and maintenance plans for drainage systems. Still another method is to assist tributary teams, which are groups of local citizens, farmers, business leaders, and government officials who meet regularly in each of the Chesapeake Bay's 10 major tributary basins to work on pollution prevention and address local water quality problems.

The staff also works with local conservation districts to respond to complaints about soil erosion, odors, and other farm compliance concerns; in fiscal 2005, 94 such complaints were received, of which 3 prompted enforcement action. Thirteen other complaints are also pending.

Conservation Grants

The Conservation Grants Section administers a variety of assistance programs aimed at encouraging farmers to install best management practices (conservation measures used to prevent the loss of soil and nutrients from farmland). Cost-share assistance is available under the Maryland Agricultural Water Quality Cost Share Program for the development of nutrient management plans; the installation of various best management practices, such as the planting of cover crops; transporting manure from farms with excess manure to farms where the manure can be used within nutrient management guidelines; and for payments to farmers who enroll in the federal Conservation Reserve Enhancement Program.

In fiscal 2005, farmers received $5.5 million in grants to install more than 1,300 projects and invested about $650,000 of their own funds. Improvements related to these expenditures will prevent an estimated 14,000 tons of soil from reaching State waters annually, while managing 4,400 tons of manure daily. The State also provides low-interest loans to supplement grant payments for more costly improvements, such as stream fencing, wetlands creation, or construction of an animal waste management system. The section worked with the Maryland Department of the Environment and soil conservation districts to process $936,000 in loan applications in fiscal 2005.

For further information contact:

Office of Resource Conservation
Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5864
Web Site: www.mda.state.md.us/resource_conservation/

Maryland Agricultural Land Preservation Foundation

The Maryland Agricultural Land Preservation Foundation cooperates with county governments to direct development or slow its pace through the establishment of agricultural preservation districts. An agricultural preservation district is formed when a landowner agrees to keep that land in agriculture; the length of time that the land needs to remain in agricultural use is up to the county where the district is located, but must be from 3 to 10 years. Once in a district, a landowner is then eligible to apply to the foundation for the sale of a perpetual agricultural conservation easement. Easements are granted through a competitive process; properties must meet certain requirements, such as minimum size and soil eligibility criteria.

By the end of fiscal 2005, approximately 242,000 acres of farmland had been protected through the purchase of easements by the foundation. Nearly 200,000 additional acres of farmland had been protected through other State and local programs.

For further information contact:

Maryland Agricultural Land Preservation Foundation
Department of Agriculture
50 Harry S. Truman Parkway, Room 104
Annapolis, Maryland 21401
410-841-5860
Web Site: www.mda.state.md.us/malpf.php

Chapter 6. Natural Resources Management

While many of the regulatory activities of the Department of Natural Resources have an impact on a broad cross section of businesses, other regulatory functions of the department have a more narrow focus. The department's mission is to preserve, protect, enhance, and restore Maryland's natural resources for the wise use and enjoyment of all citizens. The department manages more than 449,000 acres of public lands and 17,000 miles of waterways, along with Maryland's fisheries, forests, and wildlife.

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

Also described in this chapter are the regulation of the State's critical areas and the enforcement of natural resources management.

Commercial Fishing and Aquaculture

The Fisheries Service manages commercial and recreational harvests to maintain sustainable quality fisheries, enhance and restore fish species in decline, and promote fishery ethics and public involvement. The regulatory activities of the service as they relate to fishing and aquaculture are discussed below.

Fishing

The fishing industry in Maryland has long been one of the State's major industries. Commercial finfish and shellfish catches for fiscal 2005 totaled over 53 million pounds and had a dockside value of approximately $52 million.

The regulatory framework for the fisheries industry in Maryland is based upon the industry's significant commercial and recreational value. The objectives of regulation are 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 issues commercial and recreational licenses, regulates the length of the various seasons, sets size

and catch limits, and imposes quotas. The service also enforces a variety of other specific regulations related to how, when, and where various types of species may be landed.

Maryland operates under a limited entry program for commercial fishing licenses. Commercial fishing license year begins September 1 and ends August 31. There are caps for each license type. Qualifications for a license are based on practical experience requirements. Applicants who do not qualify for a license are placed in an apprenticeship program. In fiscal 2005, the service issued 8,380 commercial watermen licenses, as shown in Exhibit 6.1, and 471,445 sport fishing licenses to 311,315 individuals.

Exhibit 6.1
Commercial Licenses
Issued in Fiscal 2005

Commercial License Categories	Number of Licenses
Finfish (Hook and Line)	270
Finfish Harvester (All Gears)	279
Limited Crab Catcher	3,725
Crab Harvester (300 Pots)	238
Single Additional Pot Authorization (up to 600 Pots)	223
Double Additional Pot Authorization (up to 900 Pots)	408
Clam Harvester	12
Oyster Harvester	682
Oyster Dredge Boat	2
Conch, Turtles, and Lobster	12
Unlimited Tidal Fish License	2,006
Resident Fishing Guide	454
Nonresident Fishing Guide	51
Master Fishing Guide	18
Total	**8,380**

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

Exhibit 6.2
Summary of Commercial Fisheries Regulations in Maryland (2006)

Species	Commercial Minimum Size Limit	Commercial Season, Days, Times and Area Restrictions	Special Conditions/Comments
Bass, Black Sea	11”	Landing Permit required	Quotas on permit card
Bass, Striped (APR)	Pound net: 18” – 36”	June 1 - November 30, 4 nets/licensee	Permit required 200 lbs/licensee/net/day
Bass, Striped (APR)	Haul seine: 18” - 36”	June 7 - November 30, 1 net/licensee	Permit required 1,250 lbs/licensee/season; 750 lbs/licensee/day
Bass, Striped Flag (APR)	Hook and line: 18” – 36”	June 14 - November 30, Mon, Tues, Wed, Thurs Between 1 hour before sunrise and 1 hour before sunset	No more than 4 persons/boat, 2 crew/licensee
Bass, Striped (APR)	Bay drift gill net: 18” – 36”	Jan. 3 – Feb. 28; Dec. 1 – 30; 3 am to 6 pm, Mon. – Fri.	500 lbs per day
Bass, Striped (APR)	Ocean trawl/drift gill net: 24”	January 3 – April 29 and November 1 – December 30	Permit required: 1,825 lbs/licensee/season
Bluefish	8”	Open year round	
Catfish:	10” (Blue, Channel, White)	Open year round	
Clam, Hard	Transverse 7/8” (Worcester County transverse 1”)	September 15 – May 31, Sunrise to 4 pm	Specific regs for gear, harvest limits, and areas
Clam, Soft	2”	15 bushel/day/boat May 15-Oct 31 8 bushel/day/boat November 1 - May 14	Cooling required April 15 - October 31 October 1 – April 15 Sunrise –Sunset April 15 – Sept 30 ½ hour before sunrise – 1 pm
Conch	6”	Open year round	
Crab, Blue	Soft: 3 ½” Hard male: 5 ¼” (Worcester County: 5”) Soft peeler: 3 ¼” peeler	Open April 1 – December 15 (Worcester County: Open April 1 – October 31; Cull ring closed April 23 – May 31)	No crabbing the 2nd or 3rd Thurs in November; trotline floats same size, shape, and color (Worcester County: catch limit 25 bushels/boat/day – 5:30 am to 2 pm; no scrapes/dredges)
Crab, Horseshoe	No size limit	Monday-Friday 1 mile off coast: April 3 – 30 and June 8 – Nov 30 Chesapeake Bay: July 3 – November 30	Permit holders – catch limit varies based on season Nonpermit holders – 25 crabs/day
Croaker	9”	Closed January 1 - March 15	
Drum, Black	16”	Closed for Chesapeake Bay commercial harvest	Atlantic Ocean Quota 1,500 lbs
Drum, Red	25” maximum	Open year round	5 fish/person/day

Exhibit 6.2 (continued)			
Species	**Commercial Minimum Size Limit**	**Commercial Season, Days and Times**	**Special Conditions/Comments**
Eel, American	6”	Open year round	25/person/day < 6"; minimum pot mesh required
Flounder, Summer	15” hook and line 14” other gear	Annual quota	Bay catch: 50 lbs/day Ocean catch: No permit - 100 lbs/day
Herring	None	Closed June 6 – December 31	
Lobster	3 3/8” carapace measurement	Open year round	No egg bearing scraped, or scrubbed
Mackerel, Spanish	14”	Open year round	
Oysters	3”	Tonging and diving: Oct 2-31 and Jan 1 – Mar 30 (Mon – Fri; sunrise - 3 pm) Tonging, diving, dredging: Nov 1- Dec 31 (sunrise - sunset) Skipjacks: Nov 1 – Mar 30, Mon-Fri: sunrise - sunset on push days; sunrise - 3 pm on non push days	Tonging and diving: 15 bushels/licensee; 30 bushels/boat Power dredge: October 15 – Mar 31 in designated areas 12 bushels/licensee, not to exceed 24 bushel/boat Skipjacks: limit 150 bushel/boat
Perch, White	8”	Open year round	
Perch, Yellow	By hook and line: 9” By other gear (net): 8 ½ – 11”	No commercial catch in February	By hook and line: limit 5/person/day Many river systems closed to all gear
Pike, Walleye	14”	March 15 – November 30	Rod and reel, hook and line only
Scup	9”	Reopened in early 2003	Summer and Winter quotas; mesh size restrictions/trap escape panel
Sea Trout, Spotted	12”	Open year round	Trawl/ gill net restrictions, revised mesh size
Shad, American, Hickory & Sturgeon	Closed	Closed	Closed
Snapping Turtles	None	Open year round	May not use hook/line, trotline, bow/arrow, spear, gig or gig iron; may not catch in Charles Co tributary waters Apr 15-May 31
Tautog	14”	Open year round	5/person/day; Restrictions on pot and trap
Terrapin	6”	August 1 – April 30	May not disturb diamond-back terrapin eggs
Weakfish	12”	Chesapeake Bay: all gear Aug 5- Sept 30; Sat and Sun closed Ocean by all gear except trawl: Mar 25 – Apr 26; Sept 2 – Nov 14; Sunday closed Ocean by trawl: Oct 18 – Dec 25; Sat and Sun closed	Trawl and gill net restrictions, revised mesh size By-catch restrictions

APR = Additional Permit Required

Source: Department of Natural Resources

As an example, the commercial fishery for striped bass is capped at 1,231 licensees. Each licensee is required to declare his/her intent to harvest striped bass each year in order to remain on the list of eligible fishermen. The declaration of intent takes place during each August at the department's regional service centers (see Appendix 2). The service monitors licensees to determine who is currently eligible and maintains a waiting list for noneligible fishermen who possess a valid license. To enter the striped bass fishery, current finfish license holders need to apply to the waiting list.

Charterboat Fishing

In order to accept direct or indirect consideration for providing services as a fishing guide in Maryland waters, a person must obtain a license or, if the person is licensed by Virginia to operate a charter boat in its jurisdictional tidal waters, a Maryland Provisional Charterboat Permit. In fiscal 2005, the service issued 583 licenses, including resident and nonresident tidal fishing guide, master guide, freshwater, and limited fishing guide licenses. Appendix 2 contains a list of the department's regional service centers where individuals may obtain licenses and permits.

Aquaculture

The Fisheries Service also regulates the aquaculture industry, which rears fish and aquatic plants for sale, trade, barter, or shipment. An individual who wishes 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 native species of the State. In fiscal 2005, there were 99 outstanding aquaculture permits.

The service enforces 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.

For further information contact:

Fisheries Service
Permit Coordinator
Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
410-260-8317
Toll Free: 1-800-918-2870
Web Site: http://www.dnr.state.md.us/

Forestry and Forest Conservation

The forest industry provides $2.2 billion of direct annual impact to Maryland's economy, directly employing 14,000 people in businesses ranging from logging, sawmills, and cabinet shops to box factories. The Forest Service supports Maryland's forest and tree resources by providing private forest land management expertise, wildfire protection, urban and community forestry assistance, and tree planning programs. The service manages 136,467 acres of State forest land for their ecological, economic, and recreational benefits. The regulatory activities of the service as they relate to expert tree licensing, the Roadside Tree Law, forest product operator licensing, the Seed Tree Law, and forest conservation are discussed below.

Tree Expert Licensing

The Forest Service seeks to create a balance between natural ecosystems and the development of local communities through the protection, conservation, and management of the State's urban forest and tree resources. The service regulates the commercial tree care services industry on private and public property through the issuance and renewal, and, if necessary, the suspension or revocation, of tree expert licenses. In fiscal 2005, there were 646 licensed qualified and insured tree care companies and individuals.

The service is also responsible for enforcing regulations governing the qualification and examination of licensed tree care specialists. Criminal penalties, enforced by the service with assistance as needed from the Natural Resources Police, apply for operating a tree care business without a license and the false advertisement or solicitation of an unlicensed tree expert business. Administrative penalties may apply for fraud or deceit in obtaining a license, negligence or wrongful conduct in the practice of tree care, and violation of rules of ethics promulgated by the service. The Office of the Attorney General assists the service with the enforcement of administrative penalties.

Roadside Tree Law

The Roadside Tree Law regulates the treatment of trees within public road rights-of-way in Maryland by outlining permitting processes and standards of care. A permit is also needed to remove or plant a tree within the public road right-of-way. Any care or removal of a street tree must be done by a licensed tree care expert. A permit ensures that (1) only beneficial and necessary tree maintenance services are done correctly; (2) tree hazards are documented and corrective action is done in a timely and safe manner; and (3) the correct type of tree is planted to avoid future problems. During 2005, about 1,300 permits were issued.

Criminal penalties, enforced by the service with assistance as needed from the Natural Resources Police, apply for removing or trimming a roadside tree without a permit; failure to meet applicable tree care and clearance standards; failure to replace trees; improper herbicidal use; and failure to adhere to roadside tree planting specifications. Administrative penalties may apply for the violation of the terms of a permit or the violation of the law in general and are enforced by the service with assistance from the Office of the Attorney General.

Forest Product Operator Licensing

Under the Forest Product Operators Law, the Forest Service helps ensure the adequate regeneration of forests and provides for leases and timber cutting rights through the issuance of forest product operator licenses. This license, also required of all forest product-manufacturing plants, generally requires forest product operators to operate in a manner that leaves areas in favorable condition for re-growth. The service defines forest product operators as firewood dealers, sawmills, whole tree chippers, and pulp wood and logging contractors. Also, this license is required for others engaging in forest production business, including mulch suppliers, land clearing companies, tree removal companies, and lumber brokers. Through the licensing process, the service determines the annual level of harvest and the impact on the State's overall natural resources. In fiscal 2005, there were 436 Maryland businesses licensed and 66 out-of-state businesses licensed.

Maryland Seed Tree Law

The Maryland Seed Tree Law requires forest product operators to leave a certain number of pine trees per acre during timber harvest operations conducted on five acres or more of forest in which 25 percent or more of the trees are loblolly, shortleaf, or pond pines. The law seeks to ensure that the State's pine resources are sustained for the long-

term supply of wood fiber essential to commerce and industry. Forest product operators are required to submit plans indicating how they will ensure regeneration of harvested areas. Regeneration is generally accomplished by either leaving seed trees or replanting with pine seedlings in sufficient number to meet the requirements of the law. The service reviews, approves, and monitors forest regeneration plans to ensure compliance with the law. Each year, approximately 40 to 50 harvested areas (on 2,500 to 3,000 acres) are subject to this law.

Forest Conservation

The Forest Conservation Act seeks to minimize the loss of forest resources that may take place during development projects. The Act requires developers to obtain approval of a forest conservation plan (prepared by a licensed forester, licensed landscape architect, or other qualified professional) before subdivision grading or sediment and erosion control approvals are granted for projects covering an area of 40,000 square feet (approximately 1 acre) or greater. The plan must include (1) an inventory of the natural resources on the site; (2) protection mechanisms for existing forest; (3) a plan for afforestation or reforestation, if needed; and (4) an agreement that either preserves forested priority areas or limits the uses of forest to those consistent with forest conservation.

The amount of forest that 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 that 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 the service's approval for their forest conservation program. However, if the local authority fails to submit a suitable forest conservation program to the service, the service is required to assume responsibility for the review and approval of all forest conservation plans within the jurisdiction of that local authority.

According to the Forest Service, in fiscal 2005, approximately 11,377 acres of forest were reviewed on projects scheduled for development (before construction permits were obtained). Of those, 5,641 acres were retained, 4,807 acres were cleared, and 929 acres were planted with new forest. Further, an additional 330 acres were planted with

new forest due to mitigation requirements determined during the permitting process. Administrative penalties may apply for the violation of any part of the Act, including (1) failing to follow the terms of a specific forest conservation plan; (2) obtaining forest conservation plan approval through mispreresentation or failure to disclose relevant facts; and (3) violating the terms and provisions of an easement, covenant, deed, or restriction governing a forest mitigation bank.

For further information contact:

Forest Service
Department of Natural Resources
E-1 Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
410-260-8501
Toll Free: 800-830-3974
Web Site: http://www.dnr.state.md.us/

Wildlife Management

The Wildlife and Heritage Service provides technical assistance and expertise to the public and private sectors for the conservation and enhancement of Maryland's wildlife resources, including the management of threatened and endangered species, game birds and mammals, and the operation of 105,227 acres of State-owned lands classified as Wildlife Management Areas. The service regulates the hunting, trapping, and other wildlife management activities by regulation, permitting, and licensing. Professional licenses issued include the sale of captive reptiles and amphibians, deer damage control, fur dealers, game husbandry, waterfowl outfitting and guiding, waterfowl processing, taxidermy, nuisance wildlife control, regulated shooting areas, and collection of wildlife for scientific purposes.

In fiscal 2005, approximately 95,000 individuals participated in deer hunting, 368 in bear hunting, 51,200 in waterfowl hunting, 34,000 in other game bird hunting, 29,000 in small game hunting, and 4,000 in furbearing. According to the U.S. Fish and Wildlife Service, this generated about $300 million in economic activity in the State.

For further information contact:

Wildlife and Heritage Service
Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, Maryland 21401
410-260-8540
Toll Free: 877-620-8367
Web Site: http://www.dnr.state.md.us/

Boating

State regulation of the boating industry under the State Boat Act is limited. A dealer or manufacturer who buys, sells, or exchanges new or used vessels, or who manufactures or imports new or used vessels for the purpose of sale or trade, is required to obtain a boat dealers license from the department's Licensing and Registration Service. A dealer also includes a yacht broker and a holder of a lien (based on charges for services provided for the vessel) who sells the vessel. To qualify for a license, the dealer must post a surety bond. Out-of-state dealers and manufacturers are exempt from licensing if they only display and sell their vessels at a boat show, boat exposition, or outdoor recreation show. In fiscal 2005, there were 562 licensed dealers.

All Maryland vessels, whether commercial or recreational, must be registered. This involves applying for a Certificate of Title as well as biennial vessel registration. The service operates seven regional service centers to assist the public with boat titling and vessel registration (see Appendix 2). Licensed dealers are authorized to issue temporary vessel registrations and must collect the required vessel excise tax and fees on the sale of boats. These revenues are forwarded to the dealer's assigned regional service center. The service issued or renewed approximately 102,000 vessel registrations during fiscal 2005, for a total of approximately 209,000 registered vessels authorized to use Maryland water at a time.

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: http://www.dnr.state.md.us/

Regulation of the State's Critical Areas

The Chesapeake Bay is the largest and most productive estuary in the United States. Nearly 200 miles long, the bay is fed by 48 major rivers, 100 smaller rivers, and thousands of tiny streams and creeks. The bay's diverse and complex watershed covers 64,000 square miles, provides habitat for 2,700 species of plants and animals, and accommodates 15 million people who live, work, and recreate around the watershed.

The department coordinates with local governments in the regulation of development and land use activities within the State's critical areas through its Critical Area Commission. The Critical Area Act, established in 1984, controls land use development along a 1,000-foot shoreline strip around the Chesapeake Bay and its tributaries (referred to as the Chesapeake Bay Critical Area), covering approximately 650,000 areas. In 2002, legislation was enacted that applied the provisions of the Critical Area Act to the Atlantic Coastal Bays; the Atlantic Coastal Bays Critical Area consists of approximately 28,600 acres in Worcester County and Ocean City. Approximately 10 percent of the State is within these two critical areas. The commission's criteria were used by local jurisdictions to develop individual critical area programs and to amend local comprehensive plans, zoning ordinances, and subdivision regulations. All local jurisdictions in the critical areas implement adopted programs designed to address the unique characteristics and needs of each county and municipality, and together they represent a comprehensive land use strategy for preserving and protecting the Chesapeake Bay and the Atlantic Coastal Bays.

Sixteen counties, Baltimore City, and 46 municipalities have land partially or entirely within the critical areas. These jurisdictions administer local critical area management plans that establish limitations on development within the critical areas. As a State agency, the commission reviews and comments on subdivisions, site plans, variances, and other local development proposals within the critical areas. Each of the 63 local jurisdictions maintains sovereignty in creating, adopting, and implementing its local program in accordance with the commission's criteria. The commission has approval authority for amendments to the local programs and for development in the critical areas by State agencies.

For further information contact:

Critical Area Commission for the Chesapeake and Atlantic
Coastal Bays
1804 West Street, Suite 100
Annapolis, Maryland 21401
410-260-3460
Toll Free in Maryland: 877-620-8367
Web Site: http://www.dnr.state.md.us/critical area/

Enforcement of Natural Resources Management

The Maryland Natural Resources Police is responsible for enforcement of the regulations pertaining to commercial fishing, acquaculture, wildlife, and boating. The police administer a Boating Safety Education Program to provide the boaters the necessary information to operate a vessel safely on Maryland waterways. The police also administer Hunter Education Programs aimed to reduce hunting accidents and violations; and promote safe, responsible, and knowledgeable hunting activities.

Regular patrols and inspections by police officers assigned to the different activities provide for the enforcement of and compliance with the State's laws and regulations governing natural resources management. The police maintain a variety of statistics on reported incidents and accidents.

For further information contact:

Maryland Natural Resources Police
580 Taylor Avenue, E-3
Tawes State Office Building
Annapolis, Maryland 21401
410-260-8880
Web Site: http://www.dnr.state.md.us/

Chapter 7. Financial Services Industry

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

Administration of State Lending Laws

Under the direction and authority of the Commissioner of Financial Regulation, the Division of Financial Regulation regulates State-chartered and State-licensed financial institutions operating in Maryland. These include commercial banks, savings banks, trust companies, credit unions, money transmitters, consumer lenders, sales finance companies, installment lenders, collection agencies, debt management services providers, check cashers, mortgage lenders, and credit services businesses. The activities of the commissioner are prescribed by Titles 1 through 7, 11, and 12 of the Financial Institutions Article of the Annotated Code of Maryland. In addition, the commissioner has the authority to 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 is divided into two units:

- The Banking Unit supervises Maryland's State-chartered commercial banks, savings banks, trust companies, and credit unions to assure their safety and soundness. Further, the unit approves organizational changes within these financial institutions, and licenses money transmitters.

- The Consumer Credit Unit licenses consumer lenders, sales finance companies, installment lenders, collection agencies (through the State Collection Agency Licensing Board), debt management services providers, check cashers, mortgage lenders, and mortgage loan originators. In addition, the unit handles complaints and responds to questions from the public concerning charge accounts, credit cards, installment sales contracts, automobile repossessions, foreclosures, credit reports, credit services, and discrimination in granting credit.

The commissioner may undertake investigations to determine whether any person has violated any law, regulation, rule, or order over which the commissioner has jurisdiction. The commissioner has authority to enforce the laws and regulations against

individuals and entities that are licensed by the division, as well as those that are not. The commissioner may suspend or revoke a license, issue a cease and desist order, and impose a fine. In fiscal 2005, the commissioner assisted in resolving over 2,800 complaints, resulting in a recovery of approximately $1.7 million for consumers. In addition, over $202,000 in fines and penalties were collected from violators of State consumer lending laws.

For further information contact:

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

Banks and Holding Companies

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

In fiscal 2005, there were 61 State-chartered banks and trust companies, with an asset base of about $41 billion. Banks and trust companies are subject to an annual assessment of $1,000, plus $.08 for each $1,000 of the assets of the institution over $1 million.

The Maryland Banking Board, an advisory group consisting of the State Comptroller and eight members appointed by the Governor, functions to provide sound and impartial advice on bank applications submitted to the commissioner and other general matters concerning the business of banking in Maryland.

National banks are chartered by the U.S. Comptroller of the Currency, the counterpart of the State regulator. Federal savings banks and federal savings and loan associations, which may be owned by either stockholders or depositors, are chartered and supervised by the federal Office of Thrift Supervision.

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

For further information about federally chartered financial institutions contact:

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

Office of Thrift Supervision
U.S. Department of the Treasury
1700 G. Street, NW
Washington, DC 20552
800-842-6929
Web Site: http://www.ots.treas.gov

Examination and Insurance

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

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

The Federal Deposit Insurance Corporation insures members' deposits up to $100,000 per depositor per insured bank. The insurance limit is $250,000 for self-directed retirement accounts, such as an Individual Retirement Account or "IRA." Nondeposit investment products, such as mutual funds, stocks, and bonds, are not covered by Federal Deposit Insurance Corporation insurance.

For further information contact:

Federal Deposit Insurance Corporation
Washington, DC 20429
877-275-3342
Web Site: http://www.fdic.gov/

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

Interstate Banking and Branching

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 reviews applications for acquisitions by bank holding companies and subsidiaries of bank holding companies whose activities are deemed incidental to or closely related to banking. Almost all laws and regulations relating to bank holding companies operating in Maryland are enforced by the Federal Reserve Board.

In response to federal law, Maryland law includes 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. In approving the acquisition, the commissioner must consider whether the acquisition would be detrimental to the safety and soundness of the Maryland bank or Maryland bank holding company or result in an undue concentration of resources or a reduction of competition in the State.

Also under federal law, bank holding companies may engage in interstate banking and branching subject to some limited State regulation. Enacted in 1995, one of the primary purposes of the federal law is to create a seamless, nationwide banking system that allows customers to bank more easily across state lines. In response to the federal law, Maryland law allows banks chartered by states other than Maryland to establish branches in Maryland, upon approval by their home state regulator. In fiscal 2005, there were 13 other state banks operating in Maryland through 526 branches. These branches are regulated by the banking departments in the home state in which the banks are chartered.

Maryland law also allows a Maryland bank to establish branches within or outside of Maryland, upon approval by the commissioner. A Maryland bank may establish a branch in another state by any means allowed by the laws of that state or by federal law. A Maryland bank that establishes a branch in another state may exercise at that branch all powers and rights granted to banks in that state unless the commissioner determines that the exercise of a power or right would threaten the safety and soundness of the bank.

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

Credit Unions

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

The Division of Financial Regulation charters, supervises, and examines all State-chartered credit unions. Credit unions with assets of $300,000 or greater are subject to an annual assessment of $1,000, plus $.08 for each $1,000 of the assets of the institution over $1 million. In fiscal 2005, there were 11 State-chartered credit unions operating in Maryland, with an asset base of about $3 billion.

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

Examinations and Insurance

State-chartered credit unions are examined at least once every 18 months by the Division of Financial Regulation. Credit unions may also be examined by their insurer. Credit unions have a choice as to whether to be insured by a private insurer that is licensed in Maryland or the National Credit Union Administration. The only private insurer operating in Maryland, American Share Insurance, is a member-owned share

guaranty corporation established under the laws of Ohio. American Share Insurance obtained a license in 2004, when the Credit Union Insurance Corporation, a nonprofit nonstock corporation established under Maryland law, began a transition for dissolution.

A private insurer is required to provide insurance to State-chartered credit unions on the same basis and at least to the same extent and amount as its federal counterpart. In fiscal 2005, four State-chartered credit unions were insured by American Share Insurance and seven by the National Credit Union Administration.

In addition to insuring those State-chartered credit unions that apply and qualify, the National Credit Union Administration insures all federally chartered credit unions. The administration conducts annual examinations of all federally chartered credit unions. The administration administers the National Credit Union Share Insurance Fund which protects credit union members' deposits up to $100,000 per depositor per credit union. As with banks, deposits in self-directed retirement accounts are insured up to $250,000. Each insured credit union is required to keep an amount equal to 1 percent of its insured savings on deposit with the administration.

For further information contact:

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

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

Money Transmitters

The Division of Financial Regulation regulates and licenses sellers of money orders and travelers' checks and those who receive money for transmission to others, known as money transmitters, operating in Maryland. First enacted in Maryland in 1959, the laws regulating money transmitters were updated in 2002 to more effectively regulate the current practices of money transmitters. Money transmitter services include bill payer services; accelerated mortgage payment services; informal money transfer systems

outside the conventional financial institutions system; and money transmissions conducted over the Internet.

To qualify for a money transmitter license, an applicant must meet specified requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner that the applicant (1) is of good moral character and has sufficient financial responsibility, business experience, and general fitness to engage in the business of money transmission; and (2) has a certain net worth. Further, an applicant must pay a $4,000 biennial licensing fee and a $1,000 investigation fee and meet certain bonding requirements. In fiscal 2005, 68 licenses were issued throughout the State. These licensees performed transactions totaling approximately $17 billion.

Consumer Credit

The Division of Financial Regulation is responsible for licensing consumer lenders, sales finance companies, installment lenders, collection agencies (through the State Collection Agency Licensing Board), debt management services providers, check cashers, mortgage lenders, and mortgage loan originators. Exhibit 7.1 shows the number of consumer credit licenses issued by the commissioner in fiscal 2005.

Exhibit 7.1
Consumer Credit Licenses
Fiscal 2005

Consumer Lenders	259
Sales Finance Companies	676
Installment Lenders	235
Collection Agencies	1,288
Debt Management Services Providers	41
Check Cashers	493
Mortgage Lenders	4,990
Mortgage Loan Originators*	0

*Legislation enacted in 2005 established licensing requirements for mortgage loan originators beginning in fiscal 2007.

Source: Annual Report of the Commissioner of Financial Regulation

Consumer Lenders

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

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

Sales Finance Companies

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

An installment sales agreement is a contract for the retail sale of goods under which part of the price is payable in one or more payments and the seller takes collateral security or keeps a security interest. A retail credit account transaction is an agreement for the retail sale of goods or services that is negotiated at the time a sales price is established.

A home improvement transaction is an agreement between parties for the repair, replacement, renovation, alteration, conversion, modernization improvement, or addition to any land or building designed to be used as a residence for one, two, or three single-family units, if collateral security is required by and given to the contractor as a condition of the transaction.

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

Installment Lenders

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

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

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

Licensure by the division is required to engage in the business of making installment loans. An applicant for an installment loan license must pay a $1,700 biennial licensing fee and a $100 investigation fee and meet certain bonding requirements. A license is not required for a person not engaged in the business of making installment loans who makes five or fewer loans a year or if the loan is:

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

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

Collection Agencies

A collection agency is a person that engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim for a third-party debt; or

that sells systems used to collect debt. A consumer claim is defined as a claim that (1) is for many owed by a resident of the State; and (2) arises from a transaction in which the resident got credit, money, property, or services.

Under Title 7 of the Business Regulation Article, a person may not engage in the business of a collection agency in this State without first paying a $400 biennial license fee and filing a surety bond with the State Collection Agency Licensing Board. If an applicant operates several places of business, separate applications for licenses must be made for each place of business.

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

Debt Management Services Providers

Responding to consumer complaints about debt adjustment practices, Maryland enacted the Maryland Debt Management Services Act in 2003 to regulate the industry. Prior to providing debt management services in the State, a person is required to obtain a license from the commissioner. Only nonprofit organizations under § 501(c) of the Internal Revenue Code may qualify for a license, and applicants must meet specified net worth requirements and post surety bonds.

The registration fee varies from $1,000 up to $8,000 depending on the applicant's annual gross revenue. In addition, an applicant must pay a $1,000 investigation fee upon initial filing of an application. For each location at which the applicant provides debt management services, the fee is $100.

A licensee must execute a debt management agreement with a consumer before collecting any fees for debt management services. A licensee must also provide a consumer with a list of (1) those services that are provided free of charge to consumers with a debt management services agreement, but for a charge to other consumers; and (2) those other services that the licensee provides along with the relevant charges. A licensee must furnish a consumer with a written accounting of any fees.

A licensee may charge a consumer a consultation fee of up to $50. If a licensee performs a credit report on the consumer, the cost of the report must be paid from the consultation fee. In addition, a licensee may charge a maintenance fee of up to $8 for each creditor a consumer has listed in a debt management services agreement. However, the maintenance fee charged may not exceed $40 per month.

Check Cashers

Check cashing services means the acceptance or cashing, for compensation, of a payment instrument, regardless of the date of the payment instrument. A payment instrument is a check or a draft ordering an individual or entity to pay money. A person may not engage in the business of providing check cashing services in this State without first paying a $1,000 biennial license fee and a $100 investigation fee with the commissioner. An applicant is also subject to a criminal history background check. A separate license is required for each place of business.

To qualify for a check casher's license, an applicant must meet certain requirements designed to protect consumers. In particular, the applicant must satisfy the division that (1) the business will promote the convenience and advantage of the community in which the place of business will be located; and (2) the applicant has sufficient experience, character, financial responsibility, and general fitness to command the confidence of the public and to warrant the belief that the business will be operated lawfully, honestly, fairly, and efficiently.

The licensing scheme limits the fee that a check cashing service outlet may charge to a percentage of the check being cashed, ranging from 2 to 10 percent, depending on the type of check. Except for a one-time membership fee not to exceed $5, a licensee may not charge any other fee, including late fees or other service fees, for accepting or cashing a payment instrument in excess of the greater of:

- 2 percent of the face amount of the payment instrument or $3, if the payment instrument is issued by a governmental entity;
- 10 percent of the face amount of a payment instrument or $5, if the payment instrument is a personal check; or
- 4 percent of the face amount of the instrument or $5, for any other payment instrument.

Check cashing services that are exempt from regulation under Title 12, Subtitle 1 of the Financial Institutions Article include (1) services for which a fee of up to 1.5 percent of the payment amount is charged and that are incidental to the retail sales of the goods and services; and (2) transactions that are subject to the Maryland Consumer Loan Law, where a maximum 33 percent interest rate per annum applies. Certain other financial institutions are exempt from licensing if they are otherwise qualified to do business in Maryland.

Maryland law prohibits certain deferred presentment transactions, also known as deferred deposit services, cash advances, or payday loans. In a typical transaction, a consumer writes a post-dated check for a certain amount, and the lender gives the consumer the cash amount less the lender's fee. The lender agrees to hold the check until the check's date or until the customer settles the account. The fee for this service ranges from $15 to $30 per $100 check. In Maryland, these transactions are subject to Maryland's usury and consumer loan laws; therefore, a fee for a deferred deposit service or a pay day loan that equates to an annual interest rate exceeding the 33 percent per annum usury law cap is unlawful.

Mortgage Lenders

A mortgage lender is a person that brokers, makes, or services a loan or other extension of credit secured by a lien on residential real property. The mortgage may be categorized as a first or second mortgage loan, a secured open-end line of credit, or a closed-end mortgage.

Under Maryland's Mortgage Lender Law, a mortgage loan is any loan or other extension of credit secured in whole or in part by an interest in residential real property in Maryland if made for (1) personal, household, or family purposes in any amount; or (2) commercial purposes up to $75,000.

A person may not engage in the business of a mortgage lender in this State without first obtaining a license from the commissioner. License applicants must pay a $1,000 biennial license fee and a $100 investigation fee and meet certain bond requirements. Criminal history background checks are performed on all applicants. The commissioner examines new mortgage lenders within 18 months of licensure and examines all mortgage lenders at least once within every three-year period. The licensing provisions do not apply to certain financial institutions that take deposits, insurance companies, or certain federal corporations. Individuals or entities that make three or fewer mortgage loans per calendar year and broker no more than one mortgage loan per year are exempt from licensure.

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

Predatory lending involves originating a mortgage loan by deceiving the consumer about the benefits of the loan. To assist in combating this problem seen primarily in high cost loan transactions, consumer protections are provided in State law. In particular,

these protections are directed at loans that meet the criteria for a loan subject to the federal Home Ownership Equity Protection Act. The protections also apply to loans that meet the criteria subject to the federal Act but are one percentage point lower than comparison percentages for a loan under the federal Act.

Protections include prohibiting a mortgage lender from financing single premium credit health, credit life, or credit involuntary unemployment benefit insurance as part of a covered loan and from making covered loans without giving due regard to the borrower's ability to repay the loan in accordance with its terms. Lenders must provide potential borrowers with a written recommendation that the borrower seek home buyer education or housing counseling and information on where to obtain the counseling.

Mortgage Loan Originators

Legislation enacted in 2005 established licensing requirements for mortgage loan originators. Before acting as a mortgage loan originator, an individual must obtain a license from the Division of Financial Regulation. A mortgage originator is an employee of a mortgage lender who (1) is a mortgage broker or has or will have a net branch office at or out of which the employee works; (2) directly contacts prospective borrowers for the purpose of negotiating with or advising them about mortgage loan terms and availability; (3) works on a percentage basis; and (4) is authorized to accept a loan application on the mortgage lender's behalf.

An applicant for a license must pay a $100 nonrefundable investigation fee and a $300 biennial license fee. An applicant must also meet certain character and fitness, education, and experience qualifications. Licensing is expected to begin in fiscal 2007 for an estimated 12,000 mortgage loan originators.

If a complaint is filed with the commissioner regarding an action of a licensee in connection with a mortgage loan, the commissioner is required to investigate the complaint. A willful violation of the laws regarding mortgage lending or mortgage origination is a felony, and on conviction, a violator is subject to a fine not exceeding $25,000 or imprisonment not exceeding five years or both.

Consumer Reporting Agencies and Credit Services Businesses

A consumer reporting agency, commonly referred to as a credit reporting agency, is a person that engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information for the purpose of furnishing consumer reports to third parties, and that uses any means or facility of commerce for the purpose

of preparing or furnishing consumer reports. The consumer reporting agencies are Experian, Equifax Information Services, and TransUnion Corporation.

Consumer reporting agencies are not required to be licensed in Maryland. However, under Title 14, Subtitle 12 of the Commercial Law Article, the division handles complaints alleging violations of the Consumer Credit Reporting Agency Law. The division may hold hearings, issue orders for compliance with the law, and issue cease and desist orders if a pattern and practice of violations is found. Maryland residents are entitled to free copies of their credit reports once every 12 months under State law, upon request and proper identification. A second or subsequent report made during a 12-month period for a consumer may not exceed $5. Residents are also entitled to free copies of their credit reports once every 12 months under the federal Fair and Accurate Credit Transactions Act of 2003.

A credit services business is a person that, with respect to the extension of credit by others, sells, provides, or performs or represents that individual or entity may provide any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; or (2) obtaining an extension of credit for a consumer.

Under Title 14, Subtitle 19 of the Commercial Law Article, a credit services business may not sell its services without being licensed. The division handles complaints alleging violations of the Maryland Credit Services Businesses Act. The division may hold hearings, issue orders for compliance with the law, issue cease and desist orders if a pattern and practice of violations of the law is found, and impose fines.

Administration of State Securities Laws

Under the discretion and authority of the Securities Commissioner, the Securities Division of the Office of the Attorney General administers a system of licensing and registration and takes enforcement action against violators of Maryland's investment-related laws. Regulation of the securities market seeks to protect Maryland investors from fraud and misrepresentation.

The activities of the commissioner are prescribed by Title 11 of the Corporations and Associations Article and Title 14, Subtitles 1 and 2 of the Business Regulation Article. The division administers and enforces the Maryland Securities Act, the Maryland Franchise Registration and Disclosure Law, and the Maryland Business Opportunity Sales Act. Violators of these laws are subject to administrative sanctions and civil and criminal penalties.

The responsibilities of the Securities Division include:

- reviewing and registering offerings of nonexempt securities;
- registering and disciplining broker-dealers and agents (brokerage firms and their employee stockbrokers) that do business in the State, regardless of home base or location;
- registering State investment advisers and investment adviser representatives (firms and individuals) that do business in the State and overseeing their conduct and standards of practice;
- processing notice filings of federal investment advisers that do business in the State but who are registered by the U.S. Securities and Exchange Commission;
- reviewing and registering franchise offerings made in the State;
- registering business opportunity sales;
- initiating investigations, administrative actions, civil enforcement actions, and referrals for criminal prosecution; and
- issuing interpretive opinions and "no-action" letters in response to inquiries concerning the division's interpretations of Maryland law.

The National Securities Markets Improvement Act of 1996 reallocated the regulatory authority of the federal Securities and Exchange Commission and the states. Since the federal Act preempts certain Maryland registration laws including fee provisions and reporting, record-keeping, and bonding requirements, the Maryland Securities Act was amended to conform to the federal Act.

The work of the division in fiscal 2006 is reflected in the statistics provided in Exhibit 7.2.

Exhibit 7.2
Securities Division Statistics
Fiscal 2006

Broker/Dealer Registration (stock brokerage firms)	2,377
Agent Registrations (stockbrokers)	148,884
Investment Advisers Registrations (firms)	535
Investment Adviser Representatives Registrations (individuals)	8,985
Securities Registration Filings	22,815
Franchise Registrations	1,506
Business Opportunity Filings	14
Registration Fees, Fines and Restitution Obtained	$29,505,225
Active Case Investigations and Inquiries	1,322

Source: Securities Division of the Office of the Attorney General

Securities, Broker-dealers, and Agents

The Maryland Securities Act (Title 11 of the Corporations and Associations Article), also called the "Blue Sky" Law, regulates the offer and sale of securities in the State by requiring both the registration of firms and individuals selling the securities and the registration of the securities of the issuing company. The division reviews registration filings to ensure they adequately disclose to potential purchasers the risks of the investment and other important factors relevant to a consumer's decision to purchase.

A broker-dealer is a person, including a stock brokerage firm, engaged in the business of effecting transactions in securities for the account of others or for his or her own account. The annual fee to register as a broker-dealer is $250.

An agent is an individual other than a broker-dealer who represents a broker-dealer or an issuer of a security in affecting or attempting to affect the purchase or sale of securities. The annual fee to register as an agent is $35.

The commissioner may require registered broker-dealers to have a certain minimum amount of capital, subject to the limitations of the federal Securities Exchange Act of 1934. Subject to the limitations of this federal law, the commissioner may also require registered broker-dealers, as well as agents, to satisfy certain bonding requirements. Broker-dealers are required to maintain records of transactions for the division's inspection.

The registration of a securities offering or an initial filing of a mutual fund or unit investment trust notice requires the payment of a $500 fee. The annual fee for a registration of a public offering or a renewal or completion notice 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 certain federal filing requirements that exempt smaller transactions from registration.

Federal law requires that broker-dealers 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.

Investment Advisers

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

An investment adviser is a person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. An investment adviser also includes a person who, for compensation (1) provides or offers to provide, directly or indirectly, financial and investment counseling or advice, on a group or individual basis; or (2) gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan.

Investment advisers are required to make disclosures to their clients concerning their background and experience, fees, and potential or actual conflicts of interests that may arise in the course of advising or undertaking transactions for clients. The commissioner may require that certain capital conditions be satisfied before registering an investment adviser. The annual fee to register as an investment adviser is $300, and the annual fee to register as an investment adviser representative is $50.

Franchises

Under the Maryland Franchise Registration and Disclosure Law (Title 14, Subtitle 2 of the Business Regulation Article), a person that intends to sell franchises within Maryland or to Maryland residents must register its franchise offering with the division. A franchise is an agreement in which a purchaser, upon payment of a fee, is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan or system provided by the franchisor.

As part of the registration process, a franchisor must file with the division a disclosure document that discusses all material information necessary for a potential franchisee to make an informed investment decision. A prospective franchisee must receive a copy of the disclosure document at least 10 business days prior to the execution of a franchise agreement.

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

Business Opportunities

The Maryland Business Opportunity Sales Act (Title 14, Subtitle 1 of the Business Regulation Article) regulates the sale of "business opportunities" by requiring the sellers of such arrangements to make certain filings prior to advertising or making representations to prospective purchasers. Business opportunities are prepackaged small business deals usually offered to novice entrepreneurs through classified advertisements, home seminars, and business opportunity expositions. Typical business opportunity deals involve the sale of vending machines, pay telephones, amusement devices, greeting card display racks, and 900 telephone numbers.

Sellers are required to file a disclosure statement and may be required to post a $50,000 bond. The disclosure must include the seller's experience, a description of the actual services that the business opportunity seller will perform for the purchaser, and financing arrangements. The seller must provide the prospective purchaser with a copy of the disclosure at least 10 business days before a purchaser enters into an agreement.

The fee for a business opportunity filing is $250, which must be renewed annually for a $100 fee. Amendments to a filing require a $50 fee.

Interpretive Opinions and "No-action" Letters

Interpretive opinions and "no-action" letters are generated by the division in response to specific inquiries from issuers, broker-dealers, and other firms or individuals about the division's interpretation of Maryland law. The Securities and Exchange Commission performs this function on the federal level. The fee for an interpretive opinion is $100.

For further information contact:

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

Securities and Exchange Commission
Office of Investor Education and Assistance
100 F Street, NE
Washington, DC 20549
1-800-SEC-0330
Web Site: http://www.sec.gov/

National Association of Securities Dealers, Inc.
Office of Dispute Resolution
Boca Center Tower 1
5200 Town Center Circle
Boca Raton, Florida 33486
561-416-0277
Web Site: http://www.nasdr.com/

Chapter 8. Insurance

The insurance industry offers protection against the damaging consequences of an unexpected loss by distributing the risk of that loss among consumers. Nationwide, the business of insurance is regulated at the state level. The Maryland Insurance Administration is the agency responsible for oversight and regulation of the industry in Maryland.

This chapter describes the responsibilities of the administration and the regulatory structure of the insurance industry, including the licensing requirements for insurance companies and producers and the process for filing consumer complaints. Further, the chapter mentions the People's Insurance Counsel Division in the Office of the Attorney General, which represents consumer interests relative to homeowners insurance and medical professional liability insurance.

Maryland Insurance Administration

The Maryland Insurance Administration became an independent unit of State government as a result of legislation enacted in 1993. From 1970 to 1993, the administration was a division of the former Department of Licensing and Regulation. The Insurance Commissioner directs the administration and ensures compliance with all State laws governing insurance companies or relating to the business of insurance. The administration is accredited by the National Association of Insurance Commissioners.

The administration's organization includes the following functional sections:

- examination and auditing;
- life insurance and health insurance;
- property and casualty insurance;
- consumer complaint investigation;
- licensing;
- compliance and enforcement;
- insurance fraud;
- consumer education and advocacy; and
- the Maryland Health Insurance Plan.

The administration's specific regulatory functions include:

- authorizing and licensing insurance companies, insurance producers, 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 and resolving complaints and answering questions of policyholders;
- reviewing and approving insurance rates, policies, and forms;
- educating the public about insurance;
- periodically examining insurance companies for financial solvency, statutory compliance, and unfair business practices; and
- scrutinizing nonresident companies doing business in the State.

The insurance industry falls broadly into two major categories:

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

Regulatory Structure

Maryland insurance laws require insurance companies (also known as "insurers") to have certificates of authority issued by the Commissioner and comply with formation and financial standards in order to engage in the insurance business in the State. Insurers must maintain an adequate level of assets, capital, surplus, and reserves. Insurers are also prohibited from engaging in unfair or deceptive methods of pricing or marketing insurance policies.

Insurance may be provided by insurers formed under the laws of Maryland, another state, or another country. Only an estimated 7 percent of the insurers operating in Maryland are domestic companies; the rest are companies formed under the laws of another state or nation.

Insurers are authorized by the administration to write policies in the State. Surplus lines carriers, which are not as closely regulated as authorized insurers, are approved to provide insurance in the State only if the insurance they provide is not available from an authorized insurer. In addition, Maryland allows for the operation of nonprofit health service plans (*e.g.*, CareFirst BlueCross BlueShield), health maintenance organizations, managed care organizations, dental plans, and fraternal benefit societies. Unauthorized insurers are generally prohibited from operating in the State. However, exceptions are made for a variety of activities including nondomestic reinsurance, the fulfillment of obligations made as an authorized insurer, and the services of an adjuster with respect to a claim under a policy lawfully solicited, issued, and delivered outside of Maryland.

The Property and Casualty Insurance Guaranty Corporation, a private, nonprofit corporation created by statute under Title 9, Subtitle 3 of the Insurance Article, provides a mechanism for the payment of unpaid property and casualty claims to residents of Maryland who are policyholders of insolvent insurers. The corporation does not pay claims on insurance written on a surplus lines basis or by a risk retention group or unauthorized insurer. The Life and Health Insurance Guaranty Corporation, created by statute under Title 9, Subtitle 4 of the Insurance Article, provides similar protection to unpaid health, life, and annuity claims made to insolvent insurers, health maintenance organizations, fraternal benefit societies, State pooling plan mutual assessment companies, and 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

All insurers are assessed taxes and fees collected by the administration. A 2 percent premium tax is imposed on almost all policy premiums written by authorized insurers. A 3 percent tax is imposed on all premiums placed by licensed surplus lines brokers and unauthorized insurers. A retaliatory tax is imposed on foreign insurers whose home state or charter requires the payment of a higher rate than that levied by Maryland. Revenues from these taxes are deposited in the State's general fund. The administration may retain its costs to assess and collect the premium tax in an administrative account.

In addition to the taxes imposed on insurers, the administration collects fees for producer filings and licensing, rate and form filings, certificates of authority, financial and market conduct examinations, and fraud prevention. Revenues from filing, licensing, examination, and fraud prevention fees are deposited into the Insurance Regulation Fund, a special fund established by legislation in 1998 to pay for the operations of the

administration. The administration also collects fines and penalties, revenues from which are deposited into the general fund.

The Insurance Regulation Fund also consists of an assessment levied on insurers. The assessment is required by law to equal 60 percent of the administration's approved annual budget appropriation. Health insurers pay 40 percent of the assessment, life insurers pay 26 percent, and property and casualty insurers pay 34 percent.

The taxes and fees collected by the administration in fiscal 2005 are summarized in Exhibit 8.1 below.

Exhibit 8.1
General and Special Fund Revenues
Fiscal 2005
($ in Thousands)

General Fund Revenues:	
Premium and Retaliatory Taxes	$279,066
Fines and Penalties	2,045
Total	**$281,111**
Insurance Regulation Fund Revenues:	
Insurer Assessment	$10,056
Insurer Licensing Fees	1,495
Producer Licensing Fees	3,533
Rate and Form Filing Fees	2,555
Examination Fees	1,797
Fraud Prevention Fees	1,451
Miscellaneous Income	243
Fund Total	**$21,230**

Note: Totals may not add due to rounding.

Source: Maryland Insurance Administration

Licensing, Examination, and Auditing of Insurance Companies

The Examination and Auditing Section of the administration licenses, examines, and audits insurers conducting business in Maryland. These domestic and foreign insurers include life, health, property, and casualty insurers; health maintenance

organizations; managed care organizations; nonprofit health service plans; dental plans; and automobile motor clubs. A comprehensive list of insurers authorized to conduct business in Maryland is maintained by the section. Each insurer's certificate of authority (authority to conduct business in the State) is renewed annually.

Insurers must be examined at least once every five years. Through financial examinations (and actuarial examinations for life insurers), the administration examines the affairs, transactions, accounts, records, and assets of each insurer applying for a certificate of authority. This includes the review of quarterly and annual statements, certified public accountant reports, and premium tax reports. Examinations and audits indicate the financial stability and solvency of insurance companies, including their outstanding reserve liability. Insurers are monitored to ensure their ability to meet obligations to policyholders and their compliance with State insurance laws and regulations and approved rates. Examiners seek to identify any company in financial trouble or engaging in activities contrary to Maryland insurance law. Examinations are performed by field examiners who conduct examinations at the home office and branch offices of the insurer. The costs of the examinations are borne by the insurers being examined.

The section also participates in the National Association of Insurance Commissioners' coordinated zone examinations of out-of-state insurers. Instead of conducting an examination of these insurers, the Commissioner may accept a full report, certified by the insurance supervisory official of another state, of the most recent examination of a foreign insurer or alien insurer.

The activities of the Examination and Auditing Section in fiscal 2005 are summarized in Exhibit 8.2.

Exhibit 8.2
Licensing, Examination, and Auditing of Insurers
Fiscal 2005

Licensing of Companies:	
Original Certificates Issued	30
Total Companies Licensed	1,446
Annual Statements Filed:	
Life	512
Property and Casualty Companies	836
Not for Profit	9
Title Companies	26
Fraternal Insurance Companies	28
Health Maintenance Organizations	10
Managed Care Organizations	5
Risk Retention Groups	60
Dental Plans	12
Surplus Line Carriers	104
Accepted Unauthorized Reinsurers	60
Workers' Compensation Self-insurers	6
Motor Clubs	31
Companies Examined (Completed)	17

Source: Maryland Insurance Administration

Rates, Policies, and Forms Review

Rates, policies, and forms are filed with the administration along with policy endorsements and any modifications that an insurer proposes to use. During fiscal 2005, approximately 32,000 filings were processed.

The administration regulates rates by reviewing proposed rate changes initiated by insurers; the administration does not make or initiate rate changes. For lines of insurance other than most property and casualty lines, proposed policy rates must be submitted and approved by the administration prior to their use ("prior approval" rate making). However, proposed rates that are submitted 90 days prior to implementation are deemed approved if not denied within 30 working days of filing.

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 administration. The administration, however, reviews property and casualty rates to ensure they are adequate but not excessive. To dispute the proposed rates as excessive or unfairly discriminatory, the administration need not determine whether there is a reasonable degree of competition. Regulations set forth a procedure based on an expected loss ratio and percentage increase to determine whether rates are excessive and whether a hearing should be held.

Both rating systems have protections for the public by ensuring that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article.

Life and Health Insurance

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

The Life and Health Section and the Office of the Chief Actuary regulate this segment of the market. The 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 and performing actuarial and market conduct examinations of insurers.

Initial rate filings are reviewed to ensure that 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 are reviewed for compliance, as are documents and other printed matter delivered with life insurance sales presentations.

The activities of the Life and Health Insurance Section in fiscal 2005 are summarized in Exhibit 8.3.

Exhibit 8.3
Life and Health Insurance Regulatory Data
Fiscal 2005

Forms Received:	
Life Insurance	4,925
Health Insurance	5,970
Annuity	1,822
HMO	463
Credit	185
Reports Received	531
Rate Filings	1,315
Actuarial Memos Reviewed	1,254
Rate Deviations	173
Advertising Filings	911
Inquiries from the Public	1,634
Calls from Insurance Companies	6,300
Internal Grievance Documents Filed	5

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. The section is composed of the Rates and Forms Unit and the Property and Casualty Consumer Complaint Investigation Unit.

All licensed companies are required to file policy forms, endorsements, rates, rating plans, rating rules, and amendments to any of these items with the administration. This requirement ensures that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article. Under Maryland's competitive rating laws, insurers may use rates for certain lines of insurance when filed and without prior approval of the administration. Rates subject to the competitive rating laws include those for homeowners insurance and private passenger motor vehicle insurance. However, rates for surety, title, medical malpractice, and insurance provided by the Maryland Automobile Insurance Fund remain subject to

the approval process of the administration prior to their use. As a customer service, the Form and Rate Review Unit provides data for various rate guides for homeowners, personal automobile, and workers' compensation, and coverages. As required by statute, the unit also provides a rate guide for medical malpractice coverage.

The federal Risk Retention Act of 1981 was intended to promote the formation and operation of multistate group liability insurance programs. In passing the Act, Congress intended to enable businesses, nonprofit organizations, professionals, and government agencies to establish self-insurance pools in the form of risk retention groups and to purchase liability insurance on a group basis through purchasing groups. Risk purchasing groups are registered and licensed by the Rates and Forms Unit; however, risk retention groups are registered and licensed by the Examination and Auditing Section.

The activities of the Property and Casualty Insurance Section in fiscal 2005 are summarized in Exhibit 8.4.

Exhibit 8.4
Property and Casualty Regulatory Data
Fiscal 2005

Rate and Form Filings	17,356
Premium Finance Company Registrations	89
Motor Clubs Operating	30
Risk Purchasing Group Registrations	331

Source: Maryland Insurance Administration

People's Insurance Counsel

The People's Insurance Counsel Division of the Office of the Attorney General was established in 2002 by statute to advocate for homeowners' insurance and medical professional liability insurance consumers. The division produces materials to assist consumers in their insurance coverage decisions, assists individuals with their complaints filed with the administration, and investigates insurer practices that adversely affect insurance policyholders.

For further information on the People's Insurance Counsel contact:

Attorney General of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
410-576-6432
E-mail: pic@aog.state.md.us
Web Site: http://www.oag.state.md.us/

Consumer Complaint Investigation

During fiscal 2005, the units of the Consumer Complaint Investigation Section were divided between the existing Life and Health Section and the Property and Casualty Section. These units investigate and resolve complaints made by insurance policyholders, claimants, and beneficiaries in their respective sections. In addition to taking action on individual complaints, the complaint process may lead to a market conduct examination.

The Consumer Complaint Unit in the Life and Health Section has two subunits. The Appeals and Grievance Unit investigates whether a particular healthcare service is medically necessary. In 1998, Maryland became one of the first states in the country to statutorily mandate due process rights for individuals who wish to dispute a medical necessity determination made by a managed care plan. The legislation requires health insurers to maintain an internal complaint process for enrollees who wish to appeal a denial of services based on medical necessity. In addition, the legislation established an external appeals process that can be accessed by an individual after exhausting an insurer's internal appeals process or immediately in emergency cases. All administration costs and expenses related to the appeals and grievance process are funded through an assessment on the managed care entities subject to the law. Funds collected through the assessment mechanism are deposited to the Health Care Regulatory Fund.

The Life and Health Complaint Unit resolves complaints regarding payment of claims. This unit also resolves complaints about insurer determinations regarding whether a particular service is covered under an insured's contract.

Under the Property and Casualty Section, the complaint unit investigates automobile, homeowner, and other complaints regarding property and casualty insurance policies

The combined activities of the consumer complaint investigation units in fiscal 2005 are summarized in Exhibit 8.5.

Exhibit 8.5
Complaint Data
Fiscal 2005

Life and Health Complaints:	
Received from Citizens, Providers, and Organizations	5,574
Money Recovered from Concluded Complaints	$2,400,000
Property and Casualty Complaints:	
Automobile Insurance Protests Received	11,041
All Other Property and Casualty Complaints	3,657
Money Recovered from Concluded Complaints	$2,344,466

Source: Maryland Insurance Administration

Licensing

The federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) removed barriers among the banking, insurance, and securities industries with respect to the activities, services, and products they were not allowed to engage in or provide. Under the federal Act, states were required to enact and implement laws that allow multistate reciprocity and uniformity in agent and broker licensing laws by 2002. In 2001, legislation was enacted in Maryland that incorporated provisions of the Model Producer Licensing Act developed by the National Association of Insurance Commissioners into Maryland's agent and broker licensing provisions, as required by the federal Act.

Under the 2001 legislation, the administration no longer issues separate licenses to agents and brokers. Instead, it issues an insurance producer license to each person who sells, solicits, or negotiates insurance contracts. The legislation also provides reciprocity for nonresident insurance producers wishing to obtain a Maryland license if certain criteria are met.

The Licensing Unit licenses producers, surplus lines brokers, insurance advisers, public adjusters, and motor club representatives. Within the unit, a licensing section ensures that applicants take an examination and obtain the education and training necessary to qualify for a license for the insurance products they intend to sell or negotiate. Nonresident producer licenses are also issued to corporations, partnerships,

limited liability companies, and individuals. The section also issues letters of certification or clearance for Maryland resident producers applying for licenses in other states. Beginning January 1, 2004, insurers have not been required to inform the administration about producer appointments or terminations.

The activities of the Licensing Unit in fiscal 2005 are summarized in Exhibit 8.6.

Exhibit 8.6
Licensing and Consumer Services
Fiscal 2005

New Licenses:	
Insurance Producers	19,492
Surplus Lines Brokers	300
Insurance Advisers	40
Public Adjusters	41
Motor Club Representatives	574
Third-party Administrators	43
Renewal Licenses:	
Insurance Producers	33,899
Surplus Lines Brokers	458
Insurance Advisers	194
Public Adjusters	95
Third-party Administrators	143
License Examinations Administered	14,695

Source: Maryland Insurance Administration

Compliance and Enforcement

In August 2002, the Compliance and Enforcement Section was formed by merging the Market Conduct and Agent Enforcement Unit of the Life and Health Section with the Market Conduct and Agent Enforcement Unit of the Property and Casualty Section. The purpose of the new section is to better integrate market conduct and agent enforcement activities and make those activities more consistent across the administration. The section is primarily responsible for the regulatory oversight of the insurance industry by examining company business practices and investigating insurance producer activities. Combining these units gives the administration a more coordinated approach to enforcement and regulation.

Market conduct (nonfinancial activity) examinations are performed to assure that insurer trade practices comply with the requirements of the Insurance Article. Sales, advertising, marketing, underwriting, rating practices, claims processing, and policyholder treatment are reviewed during an examination to determine their fairness and compliance with the law. The examinations are performed both on-site and at the section's offices. The section assesses insurers for the cost of conducting examinations and assesses administrative penalties when violations are found.

The activities of the Compliance and Enforcement Section in fiscal 2005 are summarized in Exhibit 8.7.

Exhibit 8.7
Compliance and Enforcement
Fiscal 2005

Market Conduct Examinations, Life and Health Unit:	
Examinations Opened	6
Examinations Closed	10
Market Conduct Examinations, Property and Casualty Unit:	
Examinations Opened	8
Examinations Closed	14
Producer Examinations:	
Investigations Opened	573
Investigations Closed	499
Revocations Orders	20
Orders other than Revocations	29
Total Restitution	$15,042,196
Total Penalties	$1,955,173
Total Per Diem Costs Billed to Insurance Companies	$1,149,283

Source: Maryland Insurance Administration

Insurance Fraud

Insurance fraud nationwide is estimated to cost as much as $100 billion annually. Estimates of the number of fraudulent claims range from 5 to 25 percent of all claims made. The Insurance Fraud Division of the administration investigates complaints of fraudulent insurance acts and, where appropriate, initiates the prosecution of those

committing such acts. The division works closely with the Department of State Police and the Office of the Attorney General.

The division investigates complaints from both insurers and the general public. The division is required to notify the appropriate professional licensing board or disciplinary body of evidence of insurance fraud involving professionals and gross overutilization of health care services. The division also conducts public outreach and awareness programs to inform the public of the cost of insurance fraud and encourage the reporting of fraudulent acts.

Insurers are required to have an antifraud plan filed with and approved by the division. The Commissioner has the authority to issue an order imposing a financial penalty for failing to file an antifraud plan.

The activities of the Insurance Fraud Division in fiscal 2005 are summarized in Exhibit 8.8.

Consumer Education and Advocacy Unit

Formed during fiscal 2005, the Consumer Education and Advocacy Unit was established in an effort to educate consumers about various insurance products and to explain to consumers their rights and obligations under the terms of their insurance contracts. The unit participates in fairs, trade shows, and other events around the State where unit team members answer consumer questions about insurance issues and provide educational materials to consumers.

Exhibit 8.8
Insurance Fraud Data
Fiscal 2005

Fraud Activities	
Fraud Complaints	2,257
Total Number of Investigations Opened	537
Cases Referred to Area States Attorneys	158
Convictions	66
Cases Referred to Division Attorneys General	68
Referral Disposition	
Opened for Investigation	50
Returned for Investigation	5
Returned for Recommended Closure	13
Investigation/Prosecution Results	
Investigations Closed by Filing Charges	14
Individuals Charged	18
Individuals Successfully Prosecuted	14
Cases Referred to Division of State Police	53
Cases Closed with Charges Filed	11
Open Investigations	14

Source: Maryland Insurance Administration

Maryland Health Insurance Plan

The Maryland Health Insurance Plan was established by the Health Insurance Safety Net Act of 2002 as an independent unit in the administration to provide health insurance to medically uninsurable individuals. The plan is overseen by a board of directors and is funded through the Maryland Health Insurance Plan Fund, which consists of premiums paid for policies issued by the plan and an assessment on the base hospital rate of each hospital whose rates are approved by the Health Services Cost Review Commission.

The plan's board also is responsible for overseeing the Senior Prescription Drug Assistance Program. The purpose of this program is to provide a "wrap-around" benefit to Medicare beneficiaries enrolled in the Medicare Part D prescription drug plan. It subsidizes premiums, deductibles, and other cost-sharing requirements for individuals who earn up to 300 percent of federal poverty guidelines.

For a more detailed discussion about the Maryland Health Insurance Plan, see *Government Services in Maryland*, Volume II of the Legislative Handbook Series. For further information on the Maryland Health Insurance Plan, contact:

Maryland Health Insurance Plan
201 East Baltimore Street, Suite 630
Baltimore, Maryland 21202
410-576-2055
Web Site: http://www.marylandhealthinsuranceplan.state.md.us

For further information on the Maryland Insurance Administration or the regulation of the insurance industry, contact:

Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202
410-468-2000
Toll Free: 1-800-492-6116
Web Site: http://www.mdinsurance.state.md.us/

Chapter 9. Health

Maryland's health care system is a highly complex structure comprised of hospitals; nursing homes and assisted living facilities; outpatient clinics and freestanding ambulatory surgical and health care facilities; home health care agencies, services, and programs; hospices; medical laboratories; mental health and developmental disabilities programs and services; and health care providers and practitioners. The majority of these entities, facilities, services, and individuals are regulated in some form by the State, often in conjunction with the federal government. The State agency primarily responsible for regulating both facilities and providers is the Department of Health and Mental Hygiene.

This chapter outlines the mission of the department, describes the major regulatory entities under the department, and briefly summarizes other agencies involved in the regulation and delivery of health care in Maryland, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems. For further information regarding Maryland's public health services, see *Government Services in Maryland,* Volume II of the Legislative Handbook Series.

The Department of Health and Mental Hygiene

The mission of the department is to promote the health of all Maryland citizens by providing health and support services. The department is responsible for assuring that Marylanders have appropriate access to high quality health care at a reasonable cost to individuals, employers, and taxpayers. In order to fulfill this responsibility, a number of entities regulate health care providers and services.

Numerous offices, boards, and commissions under the department work to provide and regulate health care in Maryland. The following section describes the five most significant regulatory entities within the department:

- Office of Health Care Quality;
- health professional licensing boards;
- Health Services Cost Review Commission;
- Maryland Health Care Commission; and
- Community Health Resources Commission.

Office of Health Care Quality

This office licenses and certifies facilities that provide health care treatment and services, including adult day care, assisted living programs, developmental disabilities programs, freestanding ambulatory care centers, health maintenance organizations, home health agencies, hospices, hospitals, medical laboratories, mental health programs, nursing homes, and substance abuse services. It monitors quality of care and compliance with State and federal regulations, and also initiates administrative action, including financial sanctions, against facilities that violate State rules and regulations. Exhibit 9.1 displays the health care facilities licensed and inspected by the office in fiscal 2005.

Exhibit 9.1
Health Care Facilities Regulated by the Office of Health Care Quality
Fiscal 2005

	Number of Facilities, Providers, or Programs	Routine Inspections[3]	Complaint Inspections	Total Inspections
Adult Medical Day Care [2]	127	72	22	94
Assisted Living Programs	1,580	489	320	809
Community Mental Health Programs	860	160	0	160
Comprehensive Rehabilitation Outpatient Facilities	6	0	0	0
Developmental Disabilities Programs	192[5]	828[6]	409[7]	1,237
Freestanding Ambulatory Surgical Facilities	355	18	5	23
Freestanding Birthing Centers	5	5	0	5
Freestanding Kidney Dialysis Centers	118	26	12	38
Freestanding Major Medical Equipment Facilities	139	0	2	2
Health Care Facilities in Correctional Facilities	9	12	12	24
Health Maintenance Organizations (HMOs)	8	8	51	59
Home Health Agencies	54	46	8	54
Hospice Care Programs	32	7	4	11
Hospitals	69	4	68	72
ICF/MR[1]	4	4	292	296
Laboratories:				
• Physician Office and Point of Care Laboratories	534	201	2	203

	Number of Facilities, Providers, or Programs	Routine Inspections[3]	Complaint Inspections	Total Inspections
• Independent Reference Laboratories	301	36	7	43
• Hospital Laboratories	65	5	2	7
• Cholesterol Testing Sites	8	7	0	7
• Tissue Banks	106	30	1	31
• Cytology Proficiency Testing	53	557[8]	0	557
Nursing Homes	242	575[4]	2,225	2,800
Nursing Staff Agencies	576	0	0	0
Nurse Referral Service Agencies	60	0	0	0
Outpatient Physical Therapy	167	9	0	9
Portable X-Ray	11	0	2	2
Residential Service Agencies	432	0	15	15
Residential Treatment Centers	14	0	29	29
Substance Abuse Treatment Programs	302	465	0	465
Total	**6,429**	**3,564**	**3,488**	**7,052**

[1] CF/MR is an intermediate care facility for the mentally retarded.
[2]Includes centers that provide services to individuals with developmental disabilities.
[3]Includes applicable initial surveys of new providers, full or follow-up surveys, and validation surveys. Each program has different requirements for routine surveys, ranging from annual surveys to survey upon complaint only.
[4]Includes technical assistance surveys.
[5]Indicates number of providers.
[6]Indicates number of sites surveyed.
[7]Indicates number of complaints investigated on-site.
[8]Indicates number of individuals tested and re-tested.

Source: *Office of Health Care Quality, Annual Report & Staffing Analysis, Fiscal 2007 State Budget Books*

For further information contact:

Office of Health Care Quality
Spring Grove Hospital Center
Bland Bryant Building
55 Wade Avenue
Catonsville, Maryland 21228
410-402-8000
Toll Free: 1-877-402-8218
Web Site: www.dhmh.md.gov/ohcq

Health Professional Licensing Boards

While the Office of Health Care Quality regulates the facilities that provide health care services, the department's 18 licensing boards regulate the individual health care professionals in Maryland. These boards are responsible for the examination, licensure, regulation, and discipline of over 204,000 health care providers. The boards receive and investigate complaints about providers, set standards of practice, and serve as a resource to the public. A brief description of the specific practitioners regulated by each board is set forth below. Exhibit 9.2 shows the total number of licenses, certifications, and permits issued (new and renewal) and complaints received by each board in fiscal 2005.

Acupuncture Board

Licenses and regulates the practice of acupuncture, a form of health care that is based on certain practices that are generally intended to control pain. For more information contact the board at 410-764-4766 or 1-800-530-2481 (toll free).

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

Licenses and regulates the practice of audiology (the treatment of hearing disorders, vestibular functions and related language and speech disorders), the provision of hearing aid services (fitting or selling of hear aid services), and the practice of speech-language pathology (the treatment of voice, speech, and swallowing disabilities and related language and hearing disorders). For more information contact the board at (410) 764-4723 or 1-877-463-3464 (toll free).

Board of Chiropractic Examiners

Regulates the practice of chiropractic which includes licensing chiropractors (treats disorders of the human body through manual manipulation of the spine and other skeletal structures), certifying massage therapists (manual techniques on soft tissues to generally improve circulation, enhance muscle relaxation, relieve muscular pain, and reduce stress), and registering nontherapeutic massage practitioners (physical therapy services provided in a nonhealth care facility). For more information contact the board at 410-764-2965 or 1-877-463-3464 (toll free).

Board of Dental Examiners

Regulates the practice of dentistry by licensing dentists and dental hygienists and certifying dental radiation technologists. For more information contact the board at 410-402-8500 or 1-877-463-3464 (toll free).

Board of Dietetic Practice

Regulates the practice of dietetics by licensing dietitian-nutritionists. For more information contact the board at 410-764-4733 or 1-877-463-3464 (toll free).

Board of Morticians

Regulates the practice of mortuary science and the practice of funeral direction. Both of these practices include the operation of funeral establishments and the arrangement for or making of the final disposition of a dead body. The practice of mortuary science also includes the preparation of dead human body for disposition. The board licenses and regulates morticians, funeral directors, apprentices, surviving spouse licensees, funeral establishments, and executors (personal representatives of a deceased mortician's estate to enable the mortuary science business to continue to operate). For more information contact the board at 410-764-4792 or 1-877-463-3464 (toll free).

Exhibit 9.2
Licensing and Complaint Activity
Health Occupations Boards
Fiscal 2005

	Licenses Issued	Complaints Received
Acupuncture	466	8
Audio, Hearing Aid, and Speech	469	28
Chiropractic Examiners	2,602	82
Dental Examiners	4,993	487
Dietetic Practice	788	2
Morticians	969	104
Nursing	153,776	1,085
Nursing Home Administrators	262	42
Occupational Therapy	230	13
Optometry	708	20
Pharmacy	4,333	247

	Licenses Issued	Complaints Received
Physical Therapy	2,779	64
Physicians	21,768	1,177
Podiatric Medical Examiners	466	112
Professional Counselors and Therapists	1,568	23
Psychologists	1,262	37
Social Workers	7,049	119
Cert. Res. Child Care Administrators[1]	0	0
Total	**204,488**	**3,650**

[1]The Certification of Residential Child Care Program Administrators Board, established in 2004, will begin the licensing process in October 2007.

Source: *Fiscal 2007 State Budget Book*, Department of Health and Mental Hygiene

Board of Nursing

Regulates the field of nursing by licensing registered nurses (performance of acts requiring substantial specialized knowledge and skill in the health field) and licensed practical nurses (performance in a team relationship an act that requires substantial specialized knowledge and skill in the health field); certifying nursing assistants, nurse anesthetists, nurse midwives, nurse practitioners, nurse psychotherapists, medicine aids, and medication technicians; and licensing electrologists (permanent hair removal through the use of electrical instruments). For more information contact the board at 410-585-1900 or 1-877-847-0626 (toll free).

Board of Examiners of Nursing Home Administrators

Licenses and regulates nursing home administrators and conducts a continuing study and investigation of nursing homes and administrators of nursing homes. For more information contact the board at 410-764-4750 or 1-877-463-3464 (toll free).

Board of Occupational Therapy Practice

Licenses and regulates occupational therapists and occupational therapy assistants. For more information contact the board at 410-402-8560 or 1-877-463-3464 (toll free).

Board of Examiners in Optometry

Regulates the practice of optometry by licensing optometrists and certifying those who qualify to administer topical ocular diagnostic or therapeutic pharmaceutical agents. For more information contact the board at 410-764-4710 or 1-877-463-3464 (toll free).

Board of Pharmacy

Regulates the practice of pharmacy by licensing pharmacists and issuing permits for the establishment or operation of pharmacies and for the distribution of prescription drugs or devices as pharmaceutical distributors. The board shares regulatory responsibilities for pharmacies with the department's Division of Drug Control and works closely with the federal Food and Drug Administration, which sets standards to protect public health, and the federal Drug Enforcement Agency, which enforces federal statutes on controlled dangerous substances. For more information contact the board at 410-764-4755 or 1-800-542-4964 (toll free).

Board of Physical Therapy Examiners

Licenses and regulates physical therapists and physical therapist assistants. For more information contact the board at 410-764-4752 or 1-877-463-3464 (toll free).

Board of Physicians

Regulates the practice of medicine by licensing physicians and allied health practitioners, specifically physician assistants, respiratory care practitioners, radiation oncology/therapy technologists, medical radiation technologists, and nuclear medical technologists. Effective October 1, 2006, the board will develop a program to license a new category of allied health personnel, polysomnographic technologists. For more information contact the board at 410-764-4777 or 1-800-492-6836 (toll free).

Board of Podiatric Medical Examiners

Licenses and regulates podiatrists. For more information contact the board at 410-764-4785 or 1-877-463-3464 (toll free).

Board of Professional Counselors and Therapists

Regulates the practice of professional counseling by certifying professional counselors, licensed professional-marriage and family therapists, and alcohol and drug counselors (supervised, professional, and associate counselors). The board also licenses

clinical and graduate alcohol and drug counselors, clinical and graduate marriage and family therapists, and clinical and graduate professional counselors. For more information contact the board at 410-764-4732 or 1-877-463-3464 (toll free).

Board of Examiners of Psychologists

Licenses and regulates psychologists and psychology associates. For more information contact the board at 410-764-4787 or 1-877-463-3464 (toll free).

Board of Social Work Examiners

Licenses and regulates four levels of social workers: social work associates, graduate social workers, certified social workers, and certified clinical social workers. For more information contact the board at 410-764-4788 or 1-877-526-2541 (toll free).

Board for Certification of Residential Child Care Program Administrators

Certifies and regulates residential child care program administrators. This board was established by the General Assembly in 2006 and the licensing process is scheduled to begin in October of 2007.

For further information contact:

Health Professional Licensing Boards
4201 Patterson Avenue
Baltimore, Maryland 21215
410-764-4700
Toll Free: 1-877-463-3464
Web Site: www.dhmh.state.md.us/html/proflicm.htm

Health Services Cost Review Commission

The regulation of hospitals is unique in Maryland. While the Office of Health Care Quality licenses hospitals to operate in the State, the Health Services Cost Review Commission establishes and regulates the rates paid for inpatient hospital services. The commission was established in 1971 in an effort to contain health care costs, maintain fairness in hospital payment, and increase the quality of health care through rate regulation. The commission has rate-setting authority over 47 acute care hospitals, 5 chronic care hospitals, and 2 psychiatric hospitals.

In 1977, the commission negotiated a Medicare waiver with the federal government allowing Maryland to establish an "all-payor" system, in which every payor, including Medicaid and Medicare, pays the same hospital rates set by the commission. To maintain the Medicare waiver and the benefits that accrue from an all-payor system, the system must remain all-payor and pass a relative rate of growth test comparing the increase in Maryland's Medicare payment per case since 1980 to that of the nation. The commission must analyze and readjust hospital rates as necessary to ensure that Maryland's hospital rates are reasonably related to costs and do not increase as quickly as the national average. In doing so, the commission must take into account the efficiency and effectiveness of Maryland hospitals.

For further information contact:

Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
410-764-2605
Toll Free: 1-888-287-3229
Web Site: www.hscrc.state.md.us/

Maryland Health Care Commission

The Maryland Health Care Commission was created in 1999 with the merger of the Health Care Access and Cost Commission and the Maryland Health Resources Planning Commission. A major focus of the commission's work is to provide accurate and timely information to consumers and other purchasers of health care services and to provide analyses of data reported to the commission's medical care data base (a database on all nonhospital health care services). The commission conducts planning of health care services in Maryland and administers the Certificate of Need Program. The commission is also responsible for the development of quality and performance measures for health maintenance organizations; development of a comprehensive standard health benefit plan for small employers; monitoring the fiscal impact of State mandated benefits; development of quality and performance measures for hospitals, ambulatory surgical centers, and nursing homes; and oversight of electronic claims clearinghouses.

For further information contact:

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
410-764-3460
Toll Free: 1-877- 245-1762
Web Site: www.mhcc.state.md.us/

Maryland Community Health Resources Commission

The Maryland Community Health Resources Commission was created in 2005 to improve access to health care for those who are underinsured and uninsured and to provide operating grants to community health resource centers around the State. The responsibilities of the commission include identifying and seeking federal and State funding for the expansion of community health resource centers; developing outreach programs to educate and inform individuals of the availability of community health resource centers; and assisting uninsured individuals under 200 percent of the federal poverty level to access health care services through community health resource centers. Using such clinics as the basis for community health care, the commission will help communities establish integrated health services.

For further information contact:

Maryland Community Health Resources Commission
c/o Office of Governmental Affairs
Department of Health and Mental Hygiene
201 West Preston Street, Room 537
Baltimore, Maryland 21201
410-767-6500
Toll Free in Maryland: 1-877-463-3464
Web Site: http://www.dhmh.state.md.us/govrmrel/index.htm

Local Health Departments

Additional health-related regulation is carried out by local health departments, which are charged with licensing and inspecting food processing plants and food service facilities. Licenses must be renewed on an annual basis. A listing of the local health departments and their contact information is contained in Appendix 3.

Other Health Care Regulatory Agencies

While the Department of Health and Mental Hygiene primarily regulates Maryland's health care delivery system, several other agencies play critical roles, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems.

Maryland Insurance Administration

Health insurance is regulated by the Maryland Insurance Administration, which protects consumers through regulation and enforcement of the State's insurance laws. The administration investigates complaints about health insurance coverage and reviews and approves rates and contract forms for health insurance policies. The administration also enforces the State's appeals and grievances process that gives residents the right to appeal a decision by their insurance carrier to deny coverage for medically necessary services. For more information about the administration and the regulation of insurance in Maryland, see Chapter 8 of this volume of the Legislative Handbook Series.

For further information contact:

Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202-2272
410-468-2000
Toll Free: 1-800-492-6116
Web Site: www.mdinsurance.state.md.us/

Office of the Attorney General

The Consumer Protection Division of the Office of the Attorney General provides mediation services to consumers to help resolve complaints against businesses and health insurance carriers. The division's Health Education and Advocacy Unit assists consumers resolve billing disputes with hospitals, medical doctors, insurance companies, and other health care providers. The unit also assists consumers negotiate refunds for medical equipment that is defective or was never delivered and seek repairs for medical equipment and other health care products. The unit uses the process of mediation to attempt to resolve these consumer complaints. For more information on Maryland's consumer protection laws, see Chapter 4 of this volume of the Legislative Handbook Series.

For further information contact:

Health Education and Advocacy Unit
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202
410-528-1840
Toll Free: 1-877-261-8807
Web Site: www.oag.state.md.us/Consumer/HEAU.htm

Maryland Institute for Emergency Medical Services Systems

The Maryland Institute for Emergency Medical Services Systems oversees and coordinates all components of the statewide emergency medical services system; provides leadership and medical direction; supports emergency medical services educational programs; operates and maintains a statewide communications system; designates trauma and specialty centers; licenses and regulates commercial ambulance services; and participates in emergency medical services-related public education and prevention programs. It provides executive support for the Emergency Medical Systems Board in reviewing and approving the budgets for agencies receiving funds from the Maryland Emergency Medical System Operations Fund, developing and promulgating regulations and protocols, proposing emergency medical system legislation, and licensing/certifying and disciplining emergency medical system providers. For more information on the structure and funding of emergency services in Maryland, see *Government Services in Maryland*, Volume II, Chapter 5 of the Legislative Handbook Series.

For further information contact:

Maryland Institute for Emergency Medical Services Systems
653 West Pratt Street
Baltimore, Maryland 21201-1536
410-706-3666
Toll Free: 1-800-762-7157
Web Site: www.miemss.org

Chapter 10. Alcohol and Tobacco

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

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

This chapter describes consumption trends and the license fees paid by businesses and consumers. Specific regulations are examined pertaining to businesses engaged in the manufacture, sale, and distribution of alcoholic beverages and in the wholesale and subwholesale distribution of tobacco. For more information about alcohol and tobacco taxes and fees, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

Consumption Trends

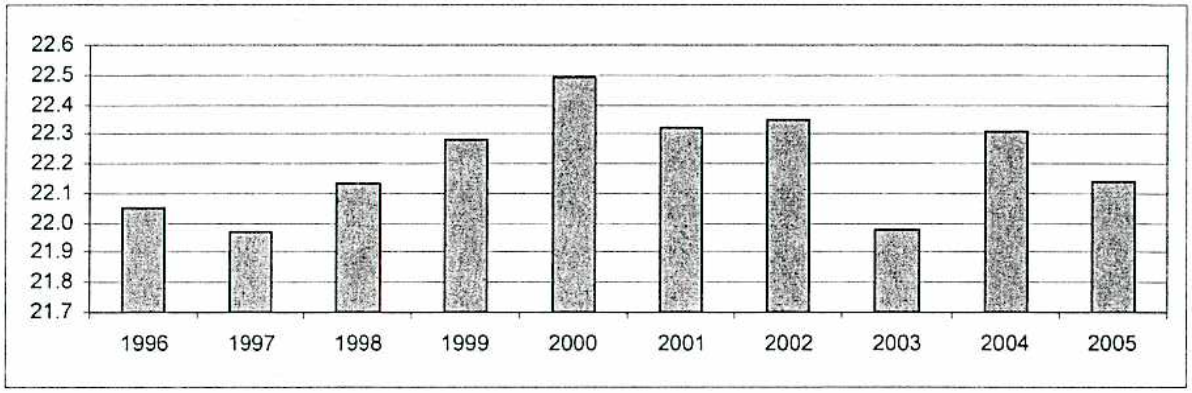
Per capita consumption of alcoholic beverages in Maryland equated to 22.1 gallons of distilled spirits, wine, and beer in fiscal 2005. The consumption rate has remained relatively constant over the past five years. Exhibit 10.1 shows the per capita consumption trend in gallons for the last 10 fiscal years.

From fiscal 2004 to 2005 wholesale distilled spirit deliveries increased 3 percent statewide from 8.57 to 8.79 million gallons. During the same time period, wholesale beer deliveries fell from 103.1 to 102.6 million gallons, and wine deliveries increased 4 percent from 11.2 million gallons in 2004 to 11.7 million gallons.

Cigarette stamp sales, which indicate the approximate number of packs sold at retail, were approximately 271 million in fiscal 2005, an increase of 0.5 percent from 2004. Overall, the trend for the consumption of cigarettes has steadily declined over the past decade, as shown in Exhibit 10.2. At least a portion of the decline over the past 10 fiscal years can be attributed to an increase in the cigarette tax.

Exhibit 10.1
Alcohol Consumption
Fiscal 1996-2005

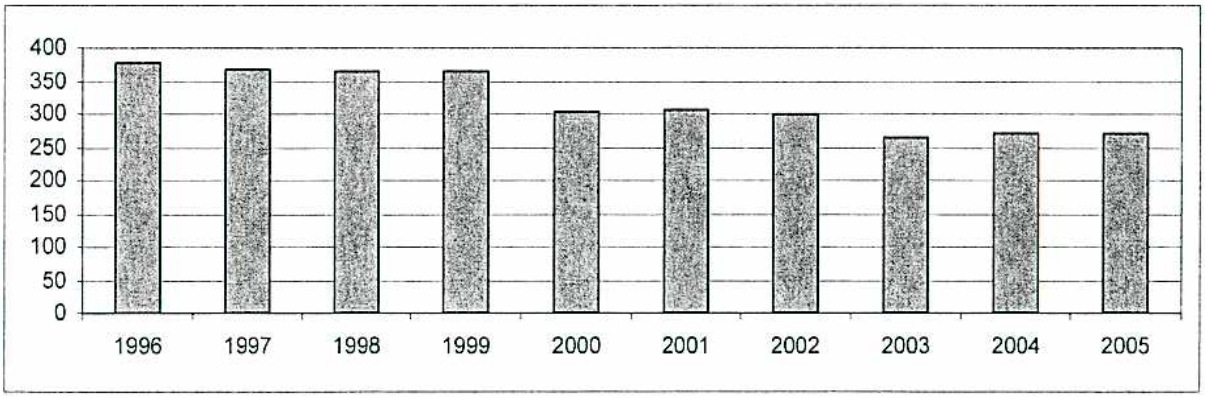
Per Capita Consumption (gallons)



Source: Alcohol and Tobacco Tax Division

Exhibit 10.2
Tobacco Consumption
Fiscal 1996-2005

Millions of Cigarettes Packs Sold (stamp sales)



Source: Alcohol and Tobacco Tax Division

Licensing

All manufacturers and wholesalers of alcoholic beverages, and entities and individuals selling alcoholic beverages at retail, are required to obtain a license. In addition, all entities or individuals engaging in the wholesale or subwholesale distribution of cigarettes, or those who operate vending machines, must obtain a license.

Alcoholic Beverages

Manufacturers and wholesalers of alcoholic beverages must obtain a license through the Alcohol and Tobacco Tax Bureau. There are seven types of manufacturing licenses and six 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.

The retail sale of alcoholic beverages is primarily regulated through licensing by local boards of license commissioners and local liquor control boards. Appendix 4 contains the phone numbers and addresses of these boards. There are six types of retail licenses issued by the 23 counties, Annapolis, and Baltimore City, and four retail licenses issued by the Alcohol and Tobacco Tax Bureau 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 10.3
Alcohol Manufacturer and Wholesaler Licenses Issued
Fiscal 2003-2005

	Annual Fee	2003	2004	2005
Manufacturer's Licenses				
Class 1 Distillery	$2,000	0	0	0
Class 2 Rectifying	600	40	28	31
Class 3 Winery	750	0	0	0
Class 4 Limited Winery	200	12	13	20
Class 5 Brewery	1,500	4	4	8
Class 6 Pub-Brewery	500	1	1	1
Class 7 Micro-Brewery	500	19	19	16

	Annual Fee	2003	2004	2005
Wholesaler Licenses				
Class 1 Beer, Wine, Liquor	$2,000	28	31	30
Class 2 Wine and Liquor	1,750	8	15	18
Class 3 Beer and Wine	1,500	7	8	5
Class 4 Beer	1,250	27	25	25
Class 5 Wine	1,250	20	20	19
Class 6 Limited Wine*	50	N/A	N/A	N/A
Permits				
Storage/Transportation	$10-500	71,946	50,291	53,863
Total		**72,112**	**50,455**	**54,036**

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

*Legislation enacted in 2006 created this new license class.

Source: Alcohol and Tobacco Tax Bureau

Retail classes of licenses are issued for the sale of beer; wine; beer and wine; beer, wine and liquor; or wine and liquor. In fiscal 2005, of the 6,834 retail licenses issued by local authorities, approximately 3 percent were beer licenses or wine licenses; 20 percent were beer and wine licenses; and 77 percent were beer, wine, and liquor licenses. In addition to these licenses, local authorities issued wine and liquor dispensary licenses. Fees charged for these licenses are set by the respective counties subject to State law.

Exhibit 10.4
Retail Licenses Issued
Fiscal 2003-2005

		2003	2004	2005
Class A	Off-sale (Carry-out packaged containers)	1,634	1,620	1,610
Class B	On- or off-sale (Hotels, Restaurants)	2,798	2,911	3,000

Class C	On-sale (Clubs)	633	695	606
		2003	**2004**	**2005**
Class D	On- and off-sale (General)	1,110	1,091	1,091
Class BD-7	On-or off-sale (Baltimore City)	504	501	499
CAT	On-sale (Caterer's	16	14	28
Subtotal Local		**6,695**	**6,832**	**6,834**
Class E	On-sale (Water Vessel*)	66	61	51
Class F	On-sale (Railroad*)	2	2	2
Class G	On-sale (Airplane*)	12	10	12
SCAT	On-sale (Caterer's statewide*)	32	30	35
Subtotal State		**112**	**103**	**100**
Total		**6,807**	**6,935**	**6,934**

*Issued by the Alcohol and Tobacco Tax Bureau

Source: Article 2B of the Annotated Code of Maryland; Alcohol and Tobacco Tax Bureau

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In addition to their licensing functions, the local boards of license commissioners and local control boards are responsible for enforcing laws and regulations concerning:

- the Sunday sale of alcoholic beverages, including a prohibition or a requirement of a special license to sell alcoholic beverages on a Sunday;
- the prohibition of sales within certain jurisdictions within a county or municipality;
- the sale of alcoholic beverages at race tracks;
- the registration of kegs to be consumed off-premises; and
- the limitation on the number of licenses that can be issued by a particular jurisdiction.

Further, each county has a set of unique restrictions or regulations related to the sale and consumption of alcoholic beverages.

Direct Shipment by Wineries

As a result of legislation enacted in 2006, Maryland wineries are clearly entitled to sell wine directly to retailers such as restaurants instead of through wholesalers. Direct sales by wineries is a long-standing practice that recently became constitutionally suspect because of a 2005 U.S. Supreme Court decision. In *Granholm v. Heald*, 125 S.Ct. 1885, the Court held that allowing in-state wineries to sell wine directly to consumers in that state without allowing out-of-state wineries to do so constitutes discrimination against interstate commerce in violation of the Commerce Clause of Article I, Section 8 of the U.S. Constitution.

The 2006 legislation *solved* the Commerce Clause difficulty by entitling both small in-state and out-of-state wineries to sell their product directly to retailers. The law created a Class 6 limited wine wholesaler's license, which may be issued to an in-state winery that holds a Class 4 limited winery license and that produces not more than 27,500 gallons of its own wine annually. In addition, the law created a nonresident winery permit for out-of-state wineries that also produce not more than 27,500 gallons of its own wine.

Another wine distribution issue that has been debated in the General Assembly for years concerns the direct shipment of out-of-state wine to individual Maryland consumers. Many consumers have expressed the desire to have the opportunity to obtain hard-to-locate alcoholic beverages, most often wines that are not distributed by wholesalers in the State. On the other hand, the ability to sell products directly to consumers through the Internet has concerned State alcoholic beverages officials who believe that direct sales of alcoholic beverages may result in a loss of tax revenue and increase the potential of persons under 21 years of age to gain access to alcoholic beverages through direct shipment. In 2002, the General Assembly created a scheme that allows out-of-state permit holders to sell wine to Maryland consumers, but only with the participation of Maryland wholesalers and retailers. From the outset the scheme has proven to be unwieldy and has been used rarely, if at all. Since then, various attempts to allow direct shipment to proceed on a simplified basis have failed.

Tobacco

To a lesser extent than alcoholic beverages, tobacco sales are also regulated in Maryland. An excise tax is required on all cigarettes and other tobacco products consumed by residents. For cigarettes, this is evidenced by a tax stamp that appears on all packs. Persons or entities acting as a manufacturer, vending machine operator, wholesaler or subwholesaler, or a storage warehouse must obtain a license. The types of cigarette licenses issued in fiscal 2003 through 2005 are presented in Exhibit 10.5.

Exhibit 10.5
Cigarette Licenses Issued
Fiscal 2003-2005

	Annual Fee	2003	2004	2005
Wholesaler	$750	69	62	71
Subwholesaler	500	42	38	35
Vendor	500	5	3	3
Manufacturer	25	16	13	13
Storage Warehouse	25	0	0	2
Total		**132**	**116**	**124**

Source: Alcohol and Tobacco Tax Bureau

The minimum price of cigarettes is restricted by the Maryland Cigarette Sales Below Cost Act. This Act prohibits a retailer or wholesaler from intentionally injuring a competitor by selling cigarettes at a cost that is less than the cost to the retailer or wholesaler. Similarly, a retailer may not purchase cigarettes from a wholesaler at a cost that directly or indirectly is less than the cost to the wholesaler by any means, including offering, accepting, or inducing a rebate in price or a concession of any kind in connection with the sale or purchase of cigarettes.

Enforcement

The Field Enforcement Bureau of the Office of the Comptroller is responsible for the enforcement of the State law that identifies certain activities as unlawful involving alcoholic beverages in Maryland, including the illegal importation, manufacture, transportation, or distribution of alcoholic beverages. The bureau also investigates fraudulent activities of manufacturers, wholesalers, and retailers of alcoholic beverages. The bureau monitors cigarette "buttlegging" – the illegal importation, distribution, or sale of cigarettes on which Maryland taxes have not been paid.

For further information contact:

Comptroller of Maryland
Regulatory and Enforcement Division Alcohol and Tobacco Tax Bureau
Louis L. Goldstein Treasury Building, Room 310
P.O. Box 2999
Annapolis, Maryland 21404-2999
410-260-7314
Web Site: http://compnet.comp.state.md.us/regulatory_and_enforcement_division

Chapter 11. Transportation

An efficient transportation system is essential to helping businesses grow, communities thrive, and people earn a livelihood. Due to its unique position near the Chesapeake Bay, the Atlantic Ocean, the nation's capital, and major distribution routes along the East Coast, Maryland's transportation system is critical to the region's economic vitality and quality of life.

The Maryland Department of Transportation is responsible for ensuring that this system – highways, railroads, mass transit, and port and aviation networks – continues to serve the transportation needs of all Marylanders safely and efficiently. As Maryland's population grows, so does the demand for service on most modes of transportation, particularly highways and transit. The number of vehicle miles driven grew by 20 percent (to 55 billion) from 1995 to 2004, and the number of registered vehicles is expected to increase by 38 percent by 2025.

The department plans, finances, constructs, maintains, and operates all modes of the State's transportation systems. The agencies within the department and the independent Maryland Transportation Authority, as listed in Exhibit 11.1, conduct the department's regulatory activities. Exhibit 11.1 also displays each entity's fiscal 2005 expenditures. This chapter focuses on the regulatory functions of the department (involving highways, motor vehicles, railroads, port and marine terminals, and aviation) and the authority (involving toll facilities).

Other State agencies involved in the regulation of the transportation system are also discussed. For detailed information on the department's and the authority's operations and programs, see *Government Services in Maryland*, Volume II of the Legislative Handbook Series. For detailed information on revenues received and generated by the department, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

Exhibit 11.1
Expenditures by Modal Administrations and Maryland Transportation Authority
Fiscal 2005 Appropriations
($ in Millions)

State Highway Administration	$1,683.6
Motor Vehicle Administration	141.2
Maryland Transit Administration	801.1
Maryland Port Administration	199.8
Maryland Aviation Administration	227.7
Maryland Transportation Authority	200.4
Office of the Secretary	325.2
Total	**$3,579**

Note: Expenditures for all modes include federal fund appropriations.

Source: *Fiscal 2006 State Budget Books*

Highways – State Highway Administration

The State Highway Administration, created in 1970, regulates the construction and maintenance of Maryland highways and roads. The State highway system totals approximately 5,240 miles of roadway consisting of interstates, primary and secondary roads, and approximately 2,500 bridges. The highway system also includes 34 State Scenic Byways that contain historical, cultural, natural, archaeological, or recreational qualities that promote Maryland's heritage.

The State is geographically divided into seven engineering districts, each responsible for its own routine maintenance, traffic services, and construction supervision. Appendix 5 contains the addresses and phone numbers of the district offices. The Baltimore City Office of Transportation is responsible for providing these services in Baltimore City. A district engineer represents the administration at the district level in all public matters. District engineers make recommendations regarding improvements in traffic operations to the Federal Highway Administration, the Maryland Department of Transportation, other State agencies, local governments, and the public.

Entrances to Highways

The administration provides several types of permits related to highway access, grading, transportation, and construction. The Engineering Access Permits Division issues permits for the construction of approved entrances, street connections, and highway capacity improvements; however, the regulation and permitting of certain residential driveway access, utility work, and other construction activity is handled by the district offices.

The division issues access permits regulating the construction of entrances from a commercial or industrial property onto a State highway. Businesses and individuals requiring highway access or causing an increase or change in traffic must obtain a permit. A business desiring to change the use or occupancy of an existing facility may need a permit if the change affects highway-entry flows or volumes.

Along with the permit application, a person must submit an engineering fee of $50 per entrance and a performance bond equal to 150 percent of project costs within the State right-of-way. In some cases, the division may require additional documents, such as letters from adjacent property owners, or additional payments such as traffic signal fees. A permit will not be issued until relocation of each utility affected by the project is authorized. In calendar 2005, the division issued 229 permits and bonded construction totaling $34.1 million, which included $10.4 million in regional transportation improvements.

For further information contact:

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

Vehicle Weight and Size Limits

Maryland strictly regulates vehicle weight and has adopted the federal bridge formula and table, commonly known as the “Bridge Table.” Based on research and experience gained by Maryland, other states, and the federal government, the Bridge

Table is designed to minimize the damage to bridges and pavement caused by a heavy load that spans too short a distance between the axles of a vehicle. According to the 2004 National Bridge Inventory, of all 5,147 interstate, State, or local bridges in Maryland, approximately 434 were considered structurally deficient (closed or restricted to light traffic) and 1,053 were functionally obsolete (defined as having major components such as lane width failing to meet current design standards).

The 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 from 650 to 780 permits daily, and in fiscal 2006, issued 174,125 permits generating over $10.2 million in revenues.

The administration also enforces 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

Vehicle	Length	Width
Single Unit Truck, Bus (private), Class M Motor Home	45 ft. on interstate or shortest route between highway and specified locations	102 inches unless special conditions apply.* Width can exceed 102 inches with permit
Bus (private)	45 ft. on interstate and State primary	Same as above
Tractor-trailer Combination	53 ft. on interstate and State primary	Same as above
Tractor-twin Trailer Combination	28 ft. max./trailer	Same as above
Any other combination	55 ft.	Same as above
Auto or Bus Transporter	65 ft. (75 ft. for stinger-steered)	Same as above

Vehicle	Length	Width
Bus (publicly owned)	Rigid body 41 ft. 3-axle articulated 60 ft.	Same as above
Other	35 ft.	Same as above

*The administration or local authority may prohibit highway use by a vehicle exceeding a certain width if that use would endanger road users, cause excessive road deterioration, or harm adjacent property.

Source: Maryland Department of Transportation; Title 24, Subtitle 1 of the Transportation Article

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For further information contact:

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

Outdoor Advertising

To erect an outdoor advertising sign along a State highway, a person may need to obtain approval from the appropriate city or county under its zoning laws or from the administration. A State sign permit is required for all advertising signs within 500 feet of the State highway system. Sign permit fees range from $10 to $35 annually.

A State permit is not required if the sign (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 15 days after the general election or, if the candidate is not successful, primary election); or (5) advertises the temporary sale of seasonal produce by the person who has grown the produce.

An advertising sign is prohibited along the federal interstate highway system, unless it is in a commercial or industrial area, in an urban area and located more than 660 feet from the edge of the right-of-way. Federal/State agreements specify the size,

lighting, and spacing requirements for billboards in these areas. Also, federal law prohibits new off-premises advertising signs along designated scenic routes.

Anyone who receives compensation for renting, erecting, or maintaining outdoor advertising signs must obtain a license from the administration. License fees range from $50 to $700 annually. Out-of-state applicants must also obtain a $1,000 surety bond.

In fiscal 2005, the administration issued 4,176 outdoor advertising permits and 162 licenses.

For further information contact:

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

Installation/Alteration of Traffic Controls and Information Signs

If a person wants to have traffic controls (lights, signals, signs) installed, altered, or removed from the State's primary or secondary highway system, the person must petition the administration for review and approval. Residential and commercial land developers pay the installation and power costs for signal installations at intersections involving their access roads; local governments pay for signals on local roads and share the costs if the road intersects with a State road.

The administration may place informational signs on State highways to inform the public of the availability of gas, food, lodging, or camping but must first consult with local government officials and the Department of Business and Economic Development concerning the placement of these signs. These signs are also subject to applicable federal standards. The businesses identified on the signs are responsible for the full administrative and operational costs of purchasing, installing, and maintaining the signs.

For further information contact:

Office of Traffic and Safety
State Highway Administration
Maryland Department of Transportation
7491 Connelly Drive
Hanover, Maryland 21076
410-787-5813
Toll Free: 888-963-0307
Web Site: http://www.sha.state.md.us/doingbiz.htm

Motor Vehicles – Motor Vehicle Administration and Public Service Commission

With the exception of some motorized passenger services, vehicle services in Maryland are regulated by the Motor Vehicle Administration. The administration, established in 1910, is headquartered in Glen Burnie and runs 18 full-service offices and 4 express offices throughout the State. In addition, the administration provides services through a centralized telephone call center, the Internet, self-service kiosks, and a mobile service center. The Information Systems Center, located in Glen Burnie, houses the data processing services for the entire administration. By 2005, approximately 85 percent of the administration's services were available to the public through the Internet.

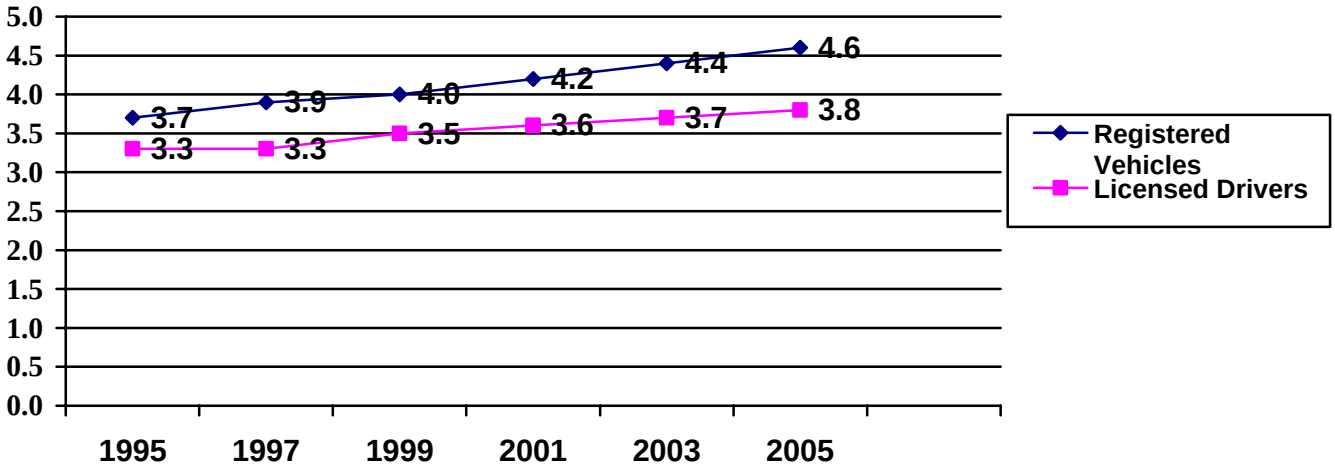
The Public Service Commission, also established in 1910, regulates public service and certain passenger transportation companies, including electric and gas utilities; telecommunications companies; water and sewage disposal companies; passenger motor vehicle carriers (sedans, limousines, and buses); railroads; and taxicabs.

The commission regulates common carriers engaged in the public transportation of passengers (except those carriers of passengers that come within the jurisdiction of the Washington Metropolitan Area Transit Commission). The commission also has jurisdiction over all taxicabs operating in Baltimore City, Baltimore County, Cumberland, and Hagerstown.

Driver's Licenses and Other Services

The administration operates driver's license programs for all classes of commercial and noncommercial motor vehicles. This responsibility includes examining all new drivers; issuing driver's licenses, learner instructional permits, and moped permits; and providing information on classifications of driver's licenses and age requirements for drivers. Exhibit 11.3 displays the number of drivers licensed and vehicles registered during calendar 1995 to 2005.

Exhibit 11.3
Number of Licensed Drivers and Number of Vehicles Registered
Calendar 1995-2005
(In Millions)



Source: Motor Vehicle Administration

The administration provides many services that protect the public, address environmental concerns, raise revenues for the State, and ensure the integrity of repair facilities. Revenues collected by the administration are deposited in the Maryland Transportation Trust Fund and used to build and maintain the State's highways, bridges, airports, mass transit, port facilities, and railroads. In calendar 2004, biennial vehicle registration fees increased, on average, by over 80 percent to generate additional revenue for statewide transportation projects.

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 excise taxes;
- enforcing the 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 inspections in State-owned facilities;
- overseeing the School Vehicle Inspection Program;
- assisting with enforcement of child support collections, local parking ticket payments, and outstanding arrest warrants;
- registering voters through the Motor Voter Program; and
- providing and regulating driver instructional services.

The administration licenses all motor vehicle dealers, sales persons, manufacturers, and distributors. It also requires title service agents, wreckers, scrap processors, 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 administration jointly administers the Vehicle Emissions Inspection Program with the Maryland Department of Environment.

Since 1987, Maryland has participated in the Driver License Compact with 45 other states. Under this compact, member states report convictions of vehicle and traffic law offenses to the violator's home state; all convictions from compact states are posted to the Maryland record. Maryland also participates in the Nonresident Violator Compact, which standardizes methods to process nonresident violators who fail to comply with outstanding moving traffic summons (*e.g.*, failure to appear in court).

The administration is also responsible for issuing State personal identification (ID) cards and driver's licenses and as a result will be responsible for implementing the federal REAL-ID Act. The Act requires that, beginning on May 11, 2008, a person only may use a State-issued personal ID card or driver's license for a federal purpose (including passing through airline security or accessing federal buildings) if the card or license meets federal certification standards. The federal standards will relate to physical card or license security and fraud prevention, issuance, immigration issues, identity and document verification, and linkages with state databases. The Act requires the U.S. Department of Homeland Security, in consultation with the U.S. Department of Transportation, to adopt regulations clarifying the Act's provisions. These regulations are expected to be issued in late 2006.

For further information contact:

Motor Vehicle Administration
Administrative Adjudication Division
Maryland Department of Transportation
6601 Ritchie Highway, NE, Room 102
Glen Burnie, Maryland 21062
410-768-7801
Toll-free Customer Service Center: 800-950-1682
Web Site: http://www.mva.state.md.us/

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

Truck Safety and Commercial Driver's Licenses

State and federal laws aimed at ensuring commercial truck safety have increased in scope over the last decade. State law allows the temporary seizure of vehicles for inspection, weighing or measuring, and sets penalties for failure to stop for an inspection or weighing. Following the terrorist attacks on September 11, 2001, the focus has also included inspections of chemical, biological, and nuclear transporters. In fiscal 2005, the Maryland State Police conducted approximately 75,000 roadside inspections of commercial trucks and an estimated 14,000 (19 percent) were taken out of service.

Maryland has been issuing commercial driver's licenses since 1990 in accordance with standards established by federal regulations. Federal law prohibits a person from operating a commercial motor vehicle without first obtaining a license. To obtain a commercial license, the driver must pass a comprehensive written examination and a road test in the vehicle class for which the license is being issued. Commercial drivers are allowed only one license.

Federal regulations finalized in 2002 and 2003 tightened the requirements for commercial licenses. To comply with federal law and avoid the loss of federal highway funds, the General Assembly passed new major offenses that would disqualify an applicant for a commercial license for one year. These offenses include leaving the scene of an accident, refusing to take a sobriety test, and driving under the influence of alcohol or drugs. The disqualification period is three years if the driver was transporting hazardous materials while committing one of these offenses.

For further information contact:

Motor Vehicle Administration
Maryland Department of Transportation
6601 Ritchie Highway, NE
Glen Burnie, Maryland 21062
410-768-2990
Toll-free Customer Service Center: 800-950-1682
Web Site: http://www.mva.state.md.us/

Vehicle Emissions

The Vehicle Emissions Inspection Program, created in 1984, tests vehicle emissions for carbon monoxide, hydrocarbons, and oxides of nitrogen to meet the standards established in the Clean Air Act. All model year 1977 and newer vehicles in the State must be tested every two years; however, some vehicles are exempt, including:

- new vehicles less than two years old;
- vehicles owned by individuals aged 70 and over or with certain disabilities who drive less than 5,000 miles each year;
- emergency vehicles;
- vehicles over 26,000 pounds;
- diesel-powered vehicles with gross vehicle weight under 10,000 pounds;
- hybrid vehicles (until September 30, 2009); and
- electric vehicles.

The inspection fee is $14. Diesel vehicles with a gross weight above 10,000 pounds, which had initially been exempt, are subject to spot roadside testing under a program approved in 1999.

If a vehicle fails the test, the owner can qualify for a waiver from additional tests if $450 worth of repairs are made to the vehicle (1) within 30 days before the test; or (2) within 120 days following the initial test. If the owner fails to comply with a repair order, the administration may suspend the vehicle registration; the owner of a diesel vehicle is subject to a federal fine of up to $1,000.

For further information contact:

Motor Vehicle Administration
Maryland Department of Transportation
6601 Ritchie Highway, NE
Glen Burnie, Maryland 21062
410-768-7286
Toll Free: 800-638-8347
Web Site: http://www.mva.state.md.us/

Taxicabs and Motor Carrier Companies

Regulation of motorized passenger services (taxicabs and for-hire motor vehicle companies) is the responsibility of the Public Service Commission. In fiscal 2006, the commission regulated 1,468 taxicab permits held by 625 taxicab companies, as well as 6,036 passenger-for-hire vehicles. A taxicab company that operates in Baltimore City, Baltimore County, or the cities of Cumberland or Hagerstown, as well as any passenger-for-hire motor vehicle in the State, must have a permit issued by the commission.

Exceptions to the permit requirement are provided for:

- transportation of school children to and from public and private school (the administration regulates school bus drivers);
- certain vehicles operated for three months or less in a registration year in the transportation of people to a Maryland cannery;
- public transportation for hire on the boardwalk in Ocean City;
- van pool operations;
- taxicabs that are required to have another type of permit; and
- public transportation in Allegany, Frederick, and Washington counties.

A taxicab driver in these jurisdictions or a passenger-for-hire motor vehicle driver in the State is required to have a valid for-hire driver's license issued by the commission. In fiscal 2006, there were 1,555 taxicab drivers licensed by the commission, of which the commission received 126 complaints and suspended or revoked 1 license. Also, for 6,425 licensed passenger-for-hire drivers, the commission received 115 complains and suspended or revoked 11 licenses in fiscal 2006. A local jurisdiction other than Baltimore City, Baltimore County, Cumberland, and Hagerstown may issue a taxicab license after it determines that the permit or license would be in the best interest of the public welfare and convenience.

A taxicab or passenger-for-hire motor vehicle company is required to obtain a liability insurance policy or surety policy approved by the commission. A taxicab company is required to post in a taxicab a schedule of fares that is easily readable by the passengers. A taxicab, except in Hagerstown, must be equipped with an accurate meter that is subject to commission inspection.

For further information contact:

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

Railroads – Maryland Transit Administration and Department of Labor, Licensing, and Regulation

Since the creation of the Baltimore and Ohio Railroad in 1828, the rail system has been vital to Maryland's economy. Annually, Maryland imports almost 30 tons of freight, particularly coal, by rail and exports about 10 tons of freight. Two Class I freight railroads, six local or terminal railroads, and Amtrak (the national passenger railroad) serve Maryland with a total of 924 route miles. The major rail carriers and the mileage they serve in Maryland are listed in Exhibit 11.4.

Exhibit 11.4
Mileage of Class 1 Railroad Companies Operating in Maryland
Fiscal 2005

CSX Transportation	450
Norfolk Southern	179
National Railroad Passenger Corp. (Amtrak)	94
Canton Railroad	12
Patapsco and Back River Railroad Co.	10
Maryland and Delaware Railroad	104
Maryland Midland	67
Winchester & Western	2
Bay Coast Railroad	6
Total	**924**

Source: Maryland Department of Transportation, Office of Freight Logistics

The Maryland Transit Administration is responsible for operating and maintaining rail freight services and public commuter buses, metro subway, Maryland Rail Corporation (MARC) commuter trains, and light rail systems. Federal and State regulations govern the operation of rail services, with input from nongovernmental bodies.

Regulatory requirements are imposed principally at the federal level by the Surface Transportation Board, the Federal Railroad Administration, and the Federal Transit Administration. The Public Service Commission and the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation enforce State requirements. Guidance is also provided by the Association of American Railroads.

For further information contact:

Maryland Transit Administration
Maryland Department of Transportation
6 St. Paul Street
Baltimore, Maryland 21202
410-539-5000
Toll Free: 866-RIDE MTA
Web Site: http://www.mtamaryland.com/

Railroad Safety and Health

Maryland's Railroad Safety and Health Program is administered by the Division of Labor and Industry under the Department of Labor, Licensing, and Regulation, rather than the Maryland Department of Transportation. The program promotes safety and health in the railroad industry by seeking to reduce accidents, deaths, and injuries to persons, as well as property damage.

The division's Railroad Safety and Health Unit performs inspections and administers programs to:

- enforce federal safety regulations for equipment, locomotives, track, operating practices, and signal and train control;
- enforce requirements for clearance and walkway safety, and sanitation on railroad trains; and
- investigate railroad property and personal injury accidents and investigate citizen and employee complaints relating to railroads.

The unit investigated 23 railroad accidents and conducted 498 inspections in fiscal 2005. It also participates in the national Operation Lifesaver Program to promote safety at highway-railroad grade crossings. A telephone recording system enables the prompt reporting of train accidents and serious injuries that occur at night, on a weekend, or on a holiday.

For further information contact:

Railroad Safety and Health
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 300
Baltimore, Maryland 21201
410-767-2990
Web Site: http://www.dllr.state.md.us/labor/rail.html

Ports and Marine Terminals – Maryland Port Administration

The Maryland Port Administration, established in 1956 and placed under the Maryland Department of Transportation in 1971, supervises the activities at marine terminal facilities located at Dundalk, Seagirt, North and South Locust Point, Masonville (dredge placement), the Intermodal Container Transfer Facility and the Fairfield Automobile Terminal. The administration currently manages Baltimore's World Trade Center, a multi-storied Class A office building located at the Inner Harbor, although proposals are currently being entertained regarding the sale of the World Trade Center.

The administration markets the Port of Baltimore throughout the world. The port, which marked its 300th anniversary in 2006, links Maryland's abundant agricultural, industrial, and maritime resources to a global network of business activities and has a vital role in Maryland's economic development. In 2005, the port was the largest port in the East Cost for importing and exporting roll-on/roll-off or "RoRo" cargo and ranked fourteenth in the United States for cargo volume. RoRo products include trucks, tractors, boats, planes, railroad, and construction equipment. The public terminals handle most of the port's general cargo, while the private terminals handle most of the bulk commodities, such as coal and ore. The administration has expanded its terminal operations to accommodate passenger cruise ships; the number of passengers embarked on ships leaving Baltimore grew from 59,000 in fiscal 2003 to 167,000 in fiscal 2005. In 2006, a permanent cruise terminal opened at South Locust Point.

The functions of the administration include:

- constructing and maintaining publicly owned terminal facilities;
- operating sales and marketing offices around the world;
- analyzing cargo flow patterns and projecting future facility needs;
- improving shipping access channels and security infrastructure;
- coordinating with federal and other State agencies in harbor and channel dredging projects;
- issuing permits for pier construction in the harbor area or disposal of dredge material on administration property; and
- adopting regulations that address hazardous materials entering or leaving port facilities.

For further information contact:

Maryland Port Administration
Maryland Department of Transportation
The World Trade Center
401 East Pratt Street
Baltimore, Maryland 21202
410-385-4422
Toll Free: 800-638-7519
Web Site: http://www.mpa.state.md.us/

Aviation – Maryland Aviation Administration

The Maryland Aviation Administration is responsible for encouraging and assisting the development of statewide aeronautics. The administration owns and operates the Baltimore-Washington International Thurgood Marshall Airport and the Martin State Airport. Responsibilities of the administration include developing a statewide aviation system plan to ensure a coordinated response to the needs of the public for airport facilities and services.

Baltimore-Washington International Thurgood Marshall Airport, one of the fastest growing airports in the United States, served almost 22 million customers in fiscal 2005 and has almost completed a $1.8 billion expansion to accommodate the increased demand for parking and runway space. Most of the expansion projects, including an 8,400-space garage and expanded terminals, are completed; a People Mover system and roadway expansion are among the projects that remain to be finished.

Passenger growth has remained steady but declined by 3 percent from 2004 to 2005 due to competition from Dulles International Airport. Baltimore-Washington International Thurgood Marshall did not experience substantial economic losses from the September 11, 2001, terrorist attacks. The airport became the national demonstration site for new airport security procedures following the attacks. Security improvement projects are ongoing.

The airport operates a comprehensive Noise Assistance Program, which includes a voluntary land acquisition element for individuals most affected by aircraft noise and a residential soundproofing initiative for those wanting to stay in their current homes. As of March 2006, 619 homes had been soundproofed and 113 homeowners had received resale assistance. Aid is pending for approximately 170 additional homeowners who have applied for assistance. The administration also offers technical assistance to Maryland communities for compliance with federal aeronautical regulations and State policies.

For further information contact:

Maryland Aviation Administration
Maryland Department of Transportation
P.O. Box 8766
BWI Airport, Maryland 21240-0766
410-859-7111
Toll Free: 800-435-9294
Web Site: http://www.marylandaviation.com/

Toll Facilities – Maryland Transportation Authority

The Maryland Transportation Authority is the governing body for the State's toll facilities. The authority maintains its own trust fund and is financially and legally separate from the Maryland Department of Transportation. The authority is 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's membership will increase from six to eight on January 1, 2007. The authority is self-supporting and finances its transportation facility projects, including the operation, maintenance, and improvement of toll facilities, through revenue bonds and toll revenues. Additional income is derived through concession contracts with vendors on the Kennedy Memorial Highway. Following increases in toll rates in 2001 (at three facilities) and 2003 (at five other facilities), the authority generated almost $275 million in revenue in fiscal 2005, an 83 percent increase over fiscal 2001.

The authority's seven toll facilities – bridges, tunnels, and the Kennedy turnpike – are located in three regions of the State.

North: John F. Kennedy Memorial Highway (I-95)
Thomas J. Hatem Memorial Bridge (Harford County – Susquehanna River U.S. 40)

Central: Baltimore Harbor Tunnel (I-895)
Fort McHenry Tunnel (I-95)
Francis Scott Key Bridge (Baltimore I-695)

South: Harry W. Nice Memorial Bridge (Potomac River U.S. 301)
William Preston Lane, Jr. Memorial Bridge (Chesapeake Bay Bridge U.S. 50/301)

For further information contact:

Office of Media and Customer Relations
Maryland Transportation Authority
2310 Broening Highway, Suite 150
Baltimore, Maryland 21224
410-537-1016
Toll Free: 866-713-1596
Web Site: http://www.mdtransportationauthority.com/

Hazardous Materials Restriction

Vehicles carrying bottled propane gas (in excess of 10 pounds per container and maximum of 10 containers), bulk gasoline, explosives, a significant amount of radioactive materials, or certain other hazardous materials are prohibited from using the Fort McHenry or Baltimore Harbor tunnels. Vehicles carrying Class 1 explosives (mass explosion, projection, fire, or no significant blast hazard) or radioactive materials must have permission from the authority to cross an authority toll bridge.

For further information contact:

Maryland Transportation Authority Police
Tunnel Command
4330 Broening Highway
Baltimore, Maryland 21224
410-537-1200
Web Site: http://www.mdtransportationauthority.com/

Chapter 12. Public Utilities

Public service companies provide utility services such as natural gas, electricity, telecommunications, water, sewage disposal, and for-hire transportation. The Maryland Public Service Commission, established in 1910, regulates public service companies and is charged with ensuring an adequate and reliable supply of utility services at just and reasonable rates.

This chapter discusses the commission's organization, regulatory authority, regulated services, a special program, and unregulated services. Further, the chapter mentions the Office of the People's Counsel, which represents residential interests relating to utilities before the commission.

Organization of the Public Service Commission

The commission consists of five commissioners, appointed by the Governor with the advice and consent of the Senate, who serve five-year, staggered terms. Five major work units carry out the commission's administrative and regulatory duties:

- Office of General Counsel;
- Hearing Examiner Division;
- Administrative Division;
- Office of External Relations; and
- Technical Staff.

The Office of General Counsel provides legal advice, represents the commission in external administrative proceedings, and defends commission orders in State and federal courts. The office plays an active role in the commission's regulatory enforcement activities, serves as the commission's legislative liaison, responds to requests for information, and reviews legal issues such as those involving the Environmental Trust Fund and the implementation of the federal Telecommunications Act of 1996.

The Hearing Examiner Division conducts formal proceedings in matters referred by the commission and files proposed orders on behalf of the commission. Division proceedings involve applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas and electric fuel rate adjustments; matters relating to bus, trucking, passenger common carrier, water, and sewage disposal companies; plant equipment and depreciation; and consumer complaints not resolved at the administrative level.

The Administration Division consists of five sections: management information systems; fiscal and budget; personnel; purchasing, procurement, and administrative services; and document management. The division establishes the commission's docket, maintains official records, and carries out the commission's directives regarding the assignment and completion of duties within the commission. Within the division, the Office of the Executive Secretary is responsible for the commission's case management, order preparation, regulations, tariff maintenance, and affirmative action planning. The executive secretary is also a member of a team of policy advisors to the commission.

The Office of External Relations investigates and responds to consumer inquiries and complaints relating to gas, electric, and telephone services. The office also provides timely information about the commission's decisions and actions regarding utility regulation to consumer groups, the general public, and the media.

The Office of the Executive Director coordinates the analysis of utility filings and operations and the presentation of testimony in formal and informal proceedings. The office provides expertise on accounting and financial issues, manages the statewide utility meter accuracy quality control program, assures electric utility compliance with national reliability and safety standards, is responsible for ensuring hazardous liquid and gas pipeline safety, and conducts economic, financial, and policy analyses relevant to utility regulation. The office oversees the seven divisions of the commission's Technical Staff: Accounting Investigations, Engineering, Integrated Resource Planning, Rate Research and Economics, Staff Counsel, Telecommunications, and Transportation.

Regulatory Authority of the Public Service Commission

The commission exercises jurisdiction over electric companies and suppliers, gas companies and suppliers, combination gas and electric companies, telecommunications companies, water and sewage disposal companies, common carriers (passenger-for-hire motor vehicle companies, for-hire railroad companies, taxicab permits that are held by taxicab companies, passenger-for-hire water companies, and toll bridge companies), and liquefied gas facilities. Exhibit 12.1 shows the public service entities regulated by the commission in calendar 2006.

By statute, the commission also must establish fees for bay pilots and docking masters who provide piloting and docking services in the ports of the State.

The commission's jurisdiction is limited to services that are provided within Maryland. Services between Maryland and one or more other states fall under the jurisdiction of federal entities, including the Federal Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the

Federal Communications Commission, which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

Exhibit 12.1
Public Service Entities Regulated
by the Public Service Commission
Calendar 2006

Electric Companies	12
Gas Companies	7
Combined Gas and Electric Companies	2
Electric Suppliers	57
Gas Suppliers	33
Telecommunications Companies	404
Water Companies	20
Water and Sewage Disposal Companies	3
Railroad Companies	6
Passenger-for-hire Motor Vehicle Companies	1,181
Passenger-for-hire Water Companies	13
Toll Bridge Companies	1
Taxicab Permits	1,481

Source: Public Service Commission

The commission is best known for its role in setting utility rates for public utility companies. State law authorizes the commission to hear and decide matters regarding (1) rate adjustments through tariff proceedings; (2) applications to exercise or abandon public utility franchises; (3) applications to modify the type or scope of utility services provided; (4) the issuance of securities by public service companies; (5) adoption and enforcement of new rules and regulations; (6) the construction and modification of power plants; and (7) the quality of utility and common carrier services. In addition to these functions, the commission collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, defends commission decisions on appeal to State and federal courts, and intervenes in relevant cases before federal courts and regulatory agencies.

Utilities Regulated by the Public Service Commission

The commission regulates public service companies on both a general and a utility-specific basis. General regulation includes (1) requiring public utilities to obtain the commission's authorization to begin, alter, or abandon franchise operations; (2) restricting the construction of underground facilities and water or sewage disposal systems for public use; (3) requiring utilities to submit applications for approval of all rates and charges; and (4) requiring the protection and education of consumers. The commission must also approve the issuance of stocks, bonds, and other securities by public service companies incorporated in Maryland. The commission assesses an annual fee on all public utility companies to pay the commission's expenses. The assessment is based on the commission's estimated annual operating budget.

The following section describes the commission's utility-specific regulatory requirements for:

- gas and electric companies;
- water and sewage disposal companies;
- telecommunications companies; and
- transportation companies.

For information regarding taxation of these utilities, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

Gas and Electric Companies

Gas and electric companies must comply with specific regulations of the commission. These regulations, which have the force of law, govern (1) commission testing and authorization of all gas and electric meters, including submeters, used for billing purposes; (2) construction of generating stations and transmission lines; (3) installation of electric metering and submetering in apartment houses; and (4) modification of generating stations, including operating equipment and procedures.

The commission relies on its Integrated Resource Planning Division to evaluate utility alternatives when it considers granting certificates of public convenience and necessity for electric utilities. These alternatives include new generating capacity, power purchases, energy conservation and efficiency, cogeneration, and renewable energy resources. The division evaluates these alternatives in an effort to ensure that adequate and reliable service is provided to electric customers at the lowest system cost.

The division also considers necessary features in evaluating utility system planning and operations. These features include (1) diversity, reliability, dispatch ability, and other factors of risk; (2) the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of these savings over time; and (3) the treatment of demand and supply resources on a consistent and integrated basis.

In the Maryland natural gas market, large industrial consumers were the first group to receive gas in a competitive market in 1995. The commission allowed smaller business and residential consumers to enter the deregulated natural gas market in 1996.

Electric Restructuring

After several years of debate in the legislature and in regulatory circles, legislation was enacted in 1999 to restructure the electric utility industry in Maryland. Under the Electric Customer Choice and Competitive Act of 1999, electric restructuring consisted of a phase-in of "customer choice" for all investor-owned utilities from 2000 to 2002, along with customer protections, a new universal service program for low-income customers, and environmental protections that address a restructured electric framework.

The primary feature of the electric utility industry restructuring was the introduction of customer choice. Prior to deregulation, the electricity industry provided three main services: the generation of electricity; the transmission of that electricity on high-capacity lines to distribution networks; and the distribution of the electricity to customers. The electric utility companies then "bundled" these three services and provided them to their customers within the geographically defined monopoly service territories.

Deregulation took the generation component out of this bundled service package. The resulting customer choice allows a customer to purchase electricity generated by other sources and have the electricity delivered over transmission and distribution lines of the local electric utility. A customer has the option to remain with the current supplier under the "standard offer service" as described below. Although the Act established a phase-in of "customer choice," the commission was authorized to alter the implementation schedule. Accordingly, all customers of investor-owned utilities had access to customer choice as of July 1, 2000. There are four large investor-owned utilities: Baltimore Gas and Electric Company (BGE); Delmarva Power and Light Company (Delmarva); Potomac Edison Company (Allegheny Power); and Potomac Electric Power Company (PEPCO).

For electric cooperatives customers, access to customer choice began July 1, 2003. There are four electric cooperatives: A&N Electric Cooperative; Choptank Electric

Cooperative; Somerset Rural Electric Cooperative; and Southern Maryland Electric Cooperative (SMECO). Municipal electric utilities are not required to allow customer choice unless the utility elects this option and files a plan and schedule with the commission. There are five municipal electric utilities: Berlin Municipal Electric Company; Easton Utilities Commission; Hagerstown Municipal Electric Light Plant; Thurmont Municipal Light Company; and Williamsport Municipal Electric Light System.

Two comprehensive mechanisms protected electric customers from rate swings during the transition to electric restructuring: a mandated rate reduction and a rate cap. For residential customers of investor-owned utilities, the Act mandated a four-year rate reduction, beginning July 1, 2000, of 3 to 7.5 percent of base rates as measured on June 30, 1999. The commission allocated the rate reduction among generation, transmission, and distribution components of residential electric rates, thus giving a portion of the rate reduction to customers who choose a different generation supplier as well as those who remain with standard offer service.

"Standard offer service" is electricity purchased from the local electric utility that distributes electricity to the customer. Under the Act, until July 1, 2003, for investor-owned utilities and July 1, 2005, for cooperatives, each electric company must offer a standard offer service, at the regulated capped rate, to a customer who (1) does not choose a new electric supplier; (2) has not been offered customer choice; (3) contracts for outside electricity supply that is not delivered; or (4) has been denied service by an electric supplier. After July 1, 2003, if the electricity supply market was not competitive or if the commission had not received an acceptable competitive proposal for supplying standard offer service, the commission was required to extend the current obligation to serve, at a market price sufficient to provide the electric company with the opportunity to recover verifiable, prudently incurred costs to procure or produce the electricity plus a reasonable return.

Through settlement agreements between the utilities and interested parties, alternative rate requirements for distribution service and standard offer service were negotiated with six of the utilities that provide in-state electric services. For BGE, PEPCO, and Delmarva, the timing for standard offer service caps coincide with the dates used for their respective distribution rate restrictions (Exhibit 12.2). Allegheny Power capped its standard offer service through December 31, 2004, for commercial customers and through December 31, 2008, for residential customers. SMECO froze its standard offer service through December 31, 2004, after which it began to offer the service at market-based prices through December 31, 2008. Similarly, Choptank Electric Cooperative froze its standard offer service through June 30, 2005, after which it began to offer the service at market-based prices through June 30, 2010. Settlement agreements

also extended the obligation for the local electric utility to provide standard offer service for four additional years.

Exhibit 12.2
Electricity Distribution Service (DS) and Standard Offer Service (SOS)
Rate Restrictions

BGE (Baltimore Gas and Electric Co.)	Rate Reduction: average 6.5% for *residential* only Rates Frozen for DS and SOS: *residential* through 6/30/06; *commercial* through 6/30/04; and *large industrial* through 6/30/02
PEPCO*(Potomac Electric Power Co.)	Rate Reduction: 7% Rates Capped for DS and SOS: *residential* and *commercial* through 6/30/04
Delmarva (Conectiv) Power and Light Co.	Rate Reduction: 7.5% for *residential* only Rates Frozen for DS and SOS: *residential* through 6/30/04; and *commercial* through 6/30/03
Allegheny Power (Potomac Edison Co.)	Rate Reduction: 7% for *residential* only Rates Capped for DS: *residential* and *commercial* through 6/30/04 Rates Capped for SOS: *residential* through 12/31/08; and *commercial* through 12/31/04
Southern Maryland Electric Cooperative	Rates Capped for DS: *residential* and *commercial* through 12/31/04; rates then set by commission through 12/31/08 Rates Frozen for SOS: *residential* and *commercial* through 12/31/04; service then offered at market-based prices through 12/31/08
Choptank Electric Cooperative	Rates Capped for DS: *residential* and *commercial* through 6/30/05 Rates Frozen for SOS: *residential* and *commercial* through 12/31/05; service then offered at market-based prices through 12/31/10

*In 2002, PEPCO and Delmarva merged to be subsidiaries of PEPCO Holdings, Inc.

Source: Public Service Commission

One of the most complex issues in restructuring the electric utility industry was how to treat transition costs or benefits, the difference between the book value and market value of an electric company's generation assets, subject to adjustments for

reasons of public policy. Although under the restructuring law an electric company might recover certain prudently incurred transition costs (known as "stranded costs"), it could only do so under a commission-approved transition plan developed in accordance with fact-finding and evidentiary proceedings, and subject to full mitigation. Under settlement agreements between the utilities and interested parties, (1) BGE recovered $528 million of transition costs over a four- to six-year period, with commercial customers paying about 63 percent and residential customers paying the remaining 37 percent of these costs; (2) PEPCO returned $188 million of transition benefits, with commercial customers receiving about 60 percent and residential customers receiving the remaining 40 percent of the savings; (3) Delmarva recovered $8 million of transition costs from commercial customers; and (4) Allegheny recovered costs for the buy-out or buy-down of its power purchase contracts at the Warrior Run Power Plant facility in Cumberland.

With the expiration of price caps (as shown in Exhibit 12.2), customers are subject to market rates. In fiscal 2006, 57 companies were licensed with the commission as suppliers in the State. Nevertheless, the retail competitive market is starting slowly as evidenced by the fact that the vast majority of electricity sold in the State is still produced by conventional central station power plants of the State's four large investor-owned utilities. Exhibit 12.3 shows the electricity suppliers in Maryland that are actively seeking new customers by customer class and service territory, and the total number of suppliers licensed to provide services to those customer classes in those territories.

Exhibit 12.3
Electricity Suppliers Active and Licensed in Maryland by Service Territory
Fiscal 2006

Service Territory	Residential		Commercial		Industrial		Other	
Active/*Total Licensed*								
Allegheny	**0**	*19*	**17**	*48*	**17**	*43*	**9**	*13*
BGE	**6**	*22*	**27**	*57*	**26**	*50*	**9**	*14*
Delmarva	**1**	*20*	**22**	*54*	**22**	*48*	**9**	*14*
PEPCO	**3**	*21*	**24**	*54*	**23**	*48*	**9**	*14*
SMECO	**0**	*4*	**0**	*8*	**0**	*8*	**0**	*3*
Choptank	**0**	*2*	**0**	*4*	**0**	*4*	**0**	*1*

Note: The first figure for each customer class, in **bold**, is the number of active suppliers in that customer class in the service territory; the second figure, in *italics*, is the number of electricity suppliers licensed to serve the customer class in the service territory. The latter figure includes anyone licensed as any kind of "electricity supplier" (a supplier, aggregator, broker, or biller). It also includes any electricity supplier with a currently valid license, whether or not the supplier is now or has ever served customers in the State.

Source: Public Service Commission

Subsequent legislation enacted in 2006 indefinitely continued the obligation of each local electric utility to provide standard offer service but altered the procurement of electricity for that service in order to limit price volatility and protect residential and small commercial customers. The procurement of supply for standard offer service must (1) include a blended portfolio of short-, medium-, and long-term contracts to address different portions of customer load; (2) include cost-effective energy-efficiency and conservation measures; and (3) disclose successful bidders.

In the case of a significant increase in the retail cost of electricity for standard offer service during the July 2006 – May 2007 period, the 2006 legislation set a process for a portion of the increase to be deferred, with the deferred amount to be repaid in accordance with commission proceedings. The deferral may be secured by bonds issued on behalf of the electric company and repaid in accordance with a qualified rate order from the commission. For residential customers in the BGE service territory, certain costs of electric supply for standard offer service immediately following the transition to full customer choice on July 1, 2006, are being deferred and secured through the issuance of bonds to be repaid over 10 years starting in January 2007. Costs are also being mitigated through credits specified in the legislation. PEPCO and Delmarva residential customers were offered the opportunity to defer a portion of costs imposed at the same time, without securing the deferred portion of the electric supply cost. Allegheny residential customers do not face significant increases in the cost of standard offer service until the expiration of their price cap after December 31, 2008.

Water and Sewage Disposal Companies

Twenty-three private companies provide water services, sewage disposal services, or both to Maryland residents. Under State regulations, a private water or sewage disposal system for public use may not be constructed without prior approval of the commission. The approval process includes a review of all proposed financing plans for the system. Governmental agencies and municipal corporations are exempt from this review.

The 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 its boundaries may apply to the commission for a certificate of authority to supply that area with water.

Finally, the commission has the authority to alter rates for sewage disposal. Any 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 municipal corporation by another county or municipal corporation. The commission may then fix or alter these rates, effectively treating the supplying subdivision as a sewage disposal company. This rate-setting function does not apply to contracts establishing rates for sewage disposal service between supplying and receiving subdivisions.

Telecommunications Companies

In regulating telecommunications, the commission reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates the intrastate services of long distance ("interexchange") companies and companies that resell interexchange service.

Verizon Maryland, Inc. (formerly Bell Atlantic – Maryland, formerly C&P Telephone) is the traditional provider of local telephone service in virtually all of Maryland. However, Verizon now faces competition from 154 additional telephone companies providing facilities-based local service and 120 telephone companies providing resold local service. In fiscal 2006, 95 companies were authorized to provide facilities-based long distance services, dominated by AT&T Communications of Maryland and Sprint Communications Company L.P. Three hundred thirty-one companies provide resold long distance services. These categories are not mutually exclusive.

The commission's telecommunications-related activities are largely directed toward enhancing competition in the local exchange market through arbitrating interconnection agreements between Verizon Maryland, Inc. and several competitors and monitoring service quality reports.

Transportation Companies

The commission enforces laws pertaining to the safety, rates, and service of transportation companies operating in Maryland by analyzing rate filings and service offerings, monitoring the operations of transportation companies, and inspecting vehicles to ensure that they comply with safety regulations. The commission also regulates the issuance of permits and licenses for passenger-for-hire companies (both motor vehicle

and waterborne), for-hire railroad companies, and taxicab permits in Baltimore City, Baltimore County, Cumberland, and Hagerstown. In fiscal 2006, the commission regulated 6,036 passenger-for-hire motor vehicles, 13 passenger-for-hire water carriers, and 1,468 taxicab permits that are held by 625 taxicab companies. For more detailed information on transportation services and the regulation of the transportation industry, please refer to Chapter 11 of this volume and *Government Services in Maryland*, Volume II of the Legislative Handbook Series.

Power Plant Research Program

In addition to its regulatory duties, the commission works with the Department of Natural Resources in the Power Plant Research Program. The program, established in 1971 as the Power Plant Siting Program, was renamed in 1986 to be part of the department's Power Plant and Environmental Review Division. Originally established to explore issues for siting nuclear power plants, the program now assesses the environmental impacts on air quality, ground and surface water, and wetlands associated with all electric power plants.

The department makes recommendations based on the findings of the program to regulatory bodies such as the commission during 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 on existing generating facilities; (4) identifying sites for utilities that are otherwise 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.

An environmental surcharge assessed on the generation of power by Maryland power plants funds this program. Utilities collect the surcharge from electricity purchasers, whether located in or out of the State. Revenues generated from the surcharge are placed in the Environmental Trust Fund. As provided in statute, the surcharge expires in June 2010.

Entities Not Regulated by the Public Service Commission

Although the commission regulates more than a dozen types of utilities, several industries and services are either unregulated or are regulated by other government entities. Exhibit 12.4 displays the most common utility-related industries and services that are not regulated by the commission. These include cable television, home heating oil, Internet service providers, municipally owned water companies, propane/bottled gas (also known as "bottle oil"), and wireless telecommunications.

Exhibit 12.4
Utility-related Industries and Services Not Regulated by the Public Service Commission

Cable Television	Subject to various federal statutes and the rules and regulations of the Federal Communications Commission. Regulated by various local municipal or county governments through franchising agreements
Home Heating Oil	Unregulated in Maryland
Internet Service Providers	Unregulated
Municipally Owned Water Companies	Local municipalities are direct service provider
Propane/Bottled Gas	Unregulated in Maryland
Wireless Telecommunications	Unregulated under Maryland law

Source: Public Service Commission

Cable Television

The commission does not regulate the rates, terms, conditions, or service quality of cable television in Maryland. Instead, cable systems are largely regulated by federal law, the rules and regulations of the Federal Communications Commission, and various local governing bodies through franchising agreements. Local municipal and county governments grant franchises to cable companies operating within their boundaries, charge licensing and franchising fees for rights-of-way, and address complaints concerning service interruptions, signaling quality, and basic cable service rates.

Recently, cable companies have begun to enter into the telephone market, while telephone companies are entering into the cable market. To enter the cable market, telephone companies have to first negotiate hundreds of individual franchise agreements with county, city, and municipal officials. Agreements expire after several years and then need to be renegotiated. To ease this process, some telephone companies are pushing to change State or federal law so that they may enter the cable market on a statewide or

nationwide basis. Several states, including Virginia and Indiana, recently enacted legislation allowing statewide franchises for cable video services.

For information on the structure, powers, and revenue sources of local government in Maryland, see *Maryland Local Government*, Volume VI of the Legislative Handbook Series.

Home Heating Oil

Due to ample competition in the industry, the commission does not regulate home heating oil companies. Consumers in contractual disputes with home heating oil providers may contact the Consumer Protection Division of the Office of the Attorney General.

Internet Service Providers

Internet service providers are not regulated by the State or by the Federal Communications Commission. Consumers may contact the Consumer Protection Division of the Office of the Attorney General to address contractual disputes with providers. Cases of suspected fraud can be reported to the Federal Trade Commission. In 2000 the National White Collar Crime Center and the Federal Bureau of Investigation cooperated to form an entity now known as the Internet Crime Complaint Center to facilitate the flow of information among law enforcement agencies and victims of Internet fraud. Further information about the center, and a means to file a complaint with it, may be found on the Internet at http://www.ic3.gov/.

Municipally Owned Water Companies

In regulating water companies, the commission's authority applies only to privately owned, for-profit companies authorized to provide service within a specified service territory. The commission does not regulate municipally owned water companies, nor does it set rates for such entities as the Washington Suburban Sanitary Commission, which provides water and sewer service in Montgomery and Prince George's counties.

Propane/Bottled Oil

As with home heating oil, the commission does not regulate bottled propane or gas due to sufficient competition in the industry. Consumers in contractual disputes with propane or bottled gas providers may contact the Consumer Protection Division of the Office of the Attorney General.

Wireless Telecommunications

Wireless or cellular telecommunications services are not regulated under Maryland law. Cellular telephone companies are specifically excluded from the definition of a "telephone company" under the Public Utility Companies Article.

For further information concerning the Public Service Commission contact:

Public Service Commission
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202
Phone: 410-767-8000
E-mail: http://www.psc.state.md.us/psc/Info/feedback.htm#comments
Web Site: http://www.psc.state.md.us/psc/

Office of the People's Counsel

While the commission regulates the supply of utility services, the Office of the People's Counsel, an independent State agency, represents residential interests relating to utilities. The office represents residential customers before the commission and other State and federal agencies in actions related to electricity, natural gas, telephone, water and sewage disposal, and transportation.

For further information contact:

Office of the People's Counsel
William Donald Schaefer Tower
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
Phone: 410-767-8150
E-mail: Info@opc.state.md.us
Web Site: http://www.opc.state.md.us/

Chapter 13. Sports

Maryland regulates thoroughbred and harness racing, boxing, professional wrestling, and kickboxing to maintain the integrity of these sporting events and protect participants and the public interest. The Maryland Racing Commission and the State Athletic Commission, both under the Department of Labor, Licensing, and Regulation, oversee and enforce the State regulation of these activities.

This chapter discusses the regulatory structure governing these sports, the functions of the regulatory bodies, and the State's role in licensing sports agents.

Thoroughbred and Harness Racing

Horse racing is financed by the receipts from controlled legalized gambling on horses and is subject to extensive regulation. Since 1920, the Maryland Racing Commission has regulated horse racing in the State and sought to protect and promote the public interest in all matters pertaining to horse racing and wagering.

The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel wagering and other aspects of horse racing in the State. The commission:

- approves racing dates;
- approves specific types of wagering and collects wagering taxes;
- regulates the size of the purse and stake and the price of admission;
- regulates the charge made for an article or service sold at the meets; and
- operates a drug testing laboratory to protect the integrity of horse racing for the benefit of the betting public and competing jockeys.

Each individual, association, or corporation involved with horse racing must be licensed by the commission. The commission may suspend or revoke the license of a person engaged in racing within the State who violates the racing laws or commission rules and regulations.

The commission licenses owners, trainers, assistant trainers, jockeys, veterinarians, farriers, stable employees, mutuel employees, track employees, vendors, caterer employees, and maintenance employees. Any person engaged in racing in Maryland under an assumed name must register with the commission for permission to use the name. The number of registrations and licenses issued in calendar 2004 and 2005 are summarized in Exhibit 13.1.

Exhibit 13.1
Licensing of Horse Racing
Calendar 2004-2005

	2004	2005
Licenses	8,920	8,801
Registrations	810	896

Source: Maryland Racing Commission

Legislation enacted in 2006 authorized Maryland to join the Interstate Compact on Licensure of Participants in Live Racing with Pari-Mutuel Wagering to reduce the cost and paperwork involved in acquiring licenses for those who participate in racing in several states. Maryland owners and trainers are eligible for a compact license, which is issued by a compact committee composed of racing officials from the member states. A compact license is to be honored by the racing commission in each member state, thus allowing licensees to avoid the necessity of acquiring individual state licenses.

Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at the Timonium Race Course during the State Fair. A track in Bowie is used only for training and stabling horses. Harness racing (also known as standardbred) is held at Rosecroft Raceway and Ocean Downs Racetrack. In calendar 2005, there were a total of 341 days and nights of racing in the State, with the majority of the racing at the mile thoroughbred tracks (239) and the harness tracks (101). Fair Hill, a steeplechase facility, is permitted to have up to eight race days a year, although there was only one race day in calendar 2005.

Since the late 1980s, the commission has been authorized to establish a system of inter-track wagering at all thoroughbred and harness racetracks in the State. By the early 1990s, the inter-track wagering system was expanded to allow for satellite simulcast betting or off-track betting.

Off-track betting allows races to be televised and wagered on at nontrack locations, as well as at tracks. The handle of the off-track betting location is included in the mutuel pools of the sending track. Locations may be licensed as off-track betting facilities if they include high quality dining and seating areas, have tele-theatre screen capacity, and are not within a 35-mile radius of a mile thoroughbred track or harness track (although this provision may be waived with approval from the affected parties). In addition to the 341 race days in calendar 2005, there were 723 simulcast only days (99 simulcasts of thoroughbred racing and 624 simulcasts of harness racing). In calendar 2005, there were three sites operating as off-track betting facilities.

The commission also has regulatory authority over several funds. The Maryland-Bred Race Fund was created in 1962 under the direction of the Maryland-Bred Race Fund Advisory Committee to develop an incentive program to encourage the improvement of thoroughbred breeding and racing. The Maryland Standardbred Race Fund was created in 1971 to promote the breeding of standardbred horses in Maryland. Both funds are supported by an assessment on each track licensee of a portion of the mutuel pool of all horse races. The funds are then distributed as purse money and awards to owners and breeders.

The Maryland Jockey Injury Compensation Fund, established in 1985 as a nonprofit organization, provides a blanket workers' compensation insurance policy for all jockeys who are licensed by the commission and participate at Maryland racetracks.

The State collects revenue in the form of pari-mutuel wagering taxes (0.32 percent tax) and license fees from horse racing. (For further information regarding horse racing taxes and fees, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.) Periodically, financial enhancements have been provided to the industry in order to supplement the revenue collected through taxes and fees.

In 1997, the General Assembly provided $5 million in purse and bred fund supplements to the industry. The funds came from overattainment of lottery revenues that would have otherwise gone to the general fund. About 70 percent of the money went to thoroughbred purses and bred funds and 30 percent to standardbred purses and bred funds. Annual purse and bred fund supplements of $10 million were also provided in each of the next three years, bringing the total to $35 million from 1997 to 2000. In 2002, a provision of the Budget Reconciliation and Financing Act took up to $4.5 million from the Racing Facility Redevelopment Bond Fund and provided that money to purse and bred fund supplements from the funds allocated in fiscal 2002 and 2003. No purse or bred fund supplements were provided in fiscal 2003, 2004, or 2006.

During the 2000 session, in addition to the purse and bred fund supplements, the General Assembly established the Maryland Racing Facility Redevelopment Program to assist horse racing facilities with capital improvements. To carry out the bond program, the commission and the Maryland Stadium Authority would have reviewed racing facility capital improvement plans submitted by racetracks and provided approval to use proceeds from bonds issued by the Maryland Economic Development Corporation for capital improvements or related expenditures. However, the racetracks never developed capital improvement plans and thus never took advantage of the bond fund. The program was subsequently repealed during the 2004 session. The remaining proceeds were distributed to a special fund used for purses for the running of the Pimlico Special and for purses at Rosecroft Raceway in calendar 2005.

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: http://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 commission licenses the participants and other persons involved in these sports and is responsible for regulating the direction, management, and control of these events.

In addition, the commission adopts regulations concerning ticket sales, facilities and equipment, and contractual relationships between promoters or managers and boxers, wrestlers, or kickboxers. Health and safety regulations established by the commission include standards for contestant physicals, ophthalmologic and neurologic health, medical suspensions, and promoter/contestant safety responsibilities. The commission also regulates the drug testing of contestants.

Except in certain limited situations, a promoter of a live boxing, kickboxing, or wrestling event is required to pay the greater of $200 or 10 percent of 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 10 percent tax on the gross proceeds from the event.

The licenses issued by the commission in fiscal 2005 to 2006 are summarized in Exhibit 13.2 Annual license fees include $150 for a promoter; $25 for a matchmaker or manager; $15 for a judge or referee; and $10 for a boxer, wrestler, or kickboxer.

Exhibit 13.2
Licensing of Boxing, Wrestling, and Kickboxing
Fiscal 2005-2006

	2005	2006
Number of Licenses	614	464
Shows Supervised		
Boxing	16	20
Wrestling	22	23
Kickboxing	1	0
Medical Examinations	1,210	1,406
Investigations	6	12
Administrative Actions	67	82

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: http://www.dllr.state.md.us/license/occprof/athlet.html

Sports Agents

The Department of Labor, Licensing, and Regulation licenses individual and corporate athlete agents who seek to represent student-athletes. An “athlete agent” is a person who

enters into an agency contract with a student-athlete or directly or indirectly recruits or solicits a student-athlete to enter into an agency contract. A "student-athlete" is an individual who engages in, is eligible to engage in, or may be eligible in the future to engage in any intercollegiate sport. A "student-athlete" includes an individual who is or was a member of a high school sports team. Licensure of agents requires the disclosure of an applicant's training, experience, education, and legal history.

Changes to the Maryland law, effective October 1, 2003, largely conform the licensure requirements to uniform state standards produced by the National Conference of Commissioners on Uniform State Laws. Accordingly, agents licensed in other states that have adopted the uniform act may use a certificate of registration or licensure from the other state as application for Maryland licensure or renewal.

Each agency contract must contain specific language that advises the student-athlete of the consequences of signing a contract with an athlete agent. Contracts must be available for inspection by the State and must be filed with the athletic director of the educational institution of the student-athlete.

Specified prohibited activities on the part of an athlete agent are subject to criminal penalties of a fine not exceeding $10,000 or imprisonment not exceeding one year, or both. In addition, agents are subject to reprimand, suspension, or revocation of a license for engaging in conduct that has a significant adverse effect on the applicant's fitness to act as an athlete agent. Civil penalties of up to $25,000 for violation of the subtitle may be assessed.

The application fee for an athlete agent license is $25, and the biennial license fee is $1,000. In fiscal 2006, there were 31 licensed athlete agents in the State.

For further information contact:

Department of Labor, Licensing, and Regulation
Licensure of Sports Agents
500 North Calvert Street
Baltimore, Maryland 21202
410-230-6271
Web Site: http://www.dllr.state.md.us/license/occprof/sportag.html

Chapter 14. Occupational and Professional Licensing

The quality of services provided by individuals and entities in a wide variety of business occupations and professions can significantly affect public health, safety, and welfare. To ensure minimum standards of competency, the following State agencies regulate a significant number of businesses, occupations, and professions:

- Department of Labor, Licensing, and Regulation;
- Office of the Attorney General;
- Department of State Police;
- Court of Appeals; and
- Department of Public Safety and Correctional Services.

The regulatory functions of these State agencies are accomplished through various occupational and professional boards, commissions, and programs. The laws regulating these professions are provided in the Business Regulation Article and the Business Occupations and Professions Article. Other sections of law also provide for regulation, including Title 12 of the Public Safety Article for the Elevator Safety Review Board. This chapter describes the general regulatory functions of the various occupational and professional boards, commissions, and programs and, by State agency, the specific regulatory responsibilities of each board, commission, and program.

General Functions

The general functions of the various boards, commissions, and programs include reviewing applications; administering examinations; issuing licenses, permits, or certificates; and investigating complaints from the public. Each board, commission, and program has the authority to issue licenses, permits, or certificates based on standards specified in State law and established by the individual board, commission, or program. Through fees charged for the licensing, permitting, or certification process, each regulatory entity raises revenue to offset the cost of regulation.

Each board, commission, and program may deny, suspend, or revoke certain licenses, permits, or certificates if an applicant or holder of a license, certificate, or permit is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the applicant or holder to practice the regulated activity. Each board, commission, and program also has the authority to impose penalties against individuals

who commit prohibited acts, such as practicing without regulatory authority. Penalties include fines, imprisonment, or both.

Most boards and commissions are subject to the Maryland Program Evaluation Act, which requires the Department of Legislative Services to examine the effectiveness of their operations and activities on a periodic basis. Many of the boards and commissions have a sunset date (fixed date for termination) that the General Assembly may extend following its review of the "sunset" reports and recommendations prepared by the Office of Policy Analysis in the Department of Legislative Services.

Department of Labor, Licensing, and Regulation

Through several divisions of the Department of Labor, Licensing, and Regulation, a significant number of businesses, occupations, and professions are regulated. The Division of Occupational and Professional Licensing administers regulatory programs that govern the practice of a wide variety occupations and professions in Maryland through its 22 boards, offices, commissions, units, and other licensing structures. Except for the State Athletic Commission and the licensure of sports agents (described in Chapter 13 of this handbook), the division's licensing boards, commissions, and programs are described in this chapter. The Division of Financial Regulation regulates collection agencies (other regulatory functions of the division are described in Chapter 7 of this handbook). The Division of Labor and Industry regulates employment agencies. Lastly, the department regulates elevator contractors and elevator mechanics.

Accountants

The State Board of Public Accountancy regulates and licenses individuals acting as certified public accountants and issues permits to business entities that provide accountancy services.

An individual must pass an examination before becoming licensed as a certified public accountant. Examinations are administered in May and November of each year. To take the examination, applicants must meet educational and experience criteria. An applicant must possess a baccalaureate degree from an accredited institution with satisfactory completion of 150 semester hours, 57 of which must be in accounting-related subjects. After passing the examination, a candidate must take the home study course in professional ethics. Additionally, licensees who offer specified accounting services to the public are required to have an independent peer review once every three years as a condition of license renewal and to maintain their license in good standing.

Certified public accountants actively licensed in other states with substantially similar licensing requirements may obtain practice privileges in Maryland upon meeting certain criteria. Limited licenses may be issued to individuals and entities that practice in Maryland but do not maintain an office in the State, if they meet specified criteria.

The board issues three types of licenses – active certified public accountant, inactive certified public accountant, and reciprocal – and four types of permits – corporation, limited liability partnership, limited liability company, and partnership.

There are four sections of the licensing examination with fees ranging from $158 to $207 for each section. First-time applicants must also pay a $40 fee for application review. The board charges $15 for an active certified public accountant original license and $40 for a biennial renewal. The board charges $25 for an original business permit and for a biennial renewal. The board collected $761,735 in licensing and related fees in fiscal 2005 and $881,230 in fiscal 2006, at which time there were 19,346 licensed public accountants.

For further information contact:

State Board of Public Accountancy
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6258
Web Site: http://www.dllr.state.md.us/license/occprof/account.html

Barbers and Cosmetologists

The State Board of Barbers regulates and licenses barbers, and the State Board of Cosmetologists regulates and licenses cosmetologists.

Practicing barbering means cutting, styling, relaxing, body waving, shampooing, or coloring hair; shaving or trimming a beard; massaging a face; or designing, fitting, or cutting a hairpiece. To qualify for a master barber license, an individual must (1) successfully complete at least 1,200 hours of training in a barber school or an apprenticeship of at least 2,250 hours within two years under the supervision of a master barber in a barbershop that holds a barbershop permit; and (2) pass an examination. The board may waive the examination requirement for an individual who is licensed to practice barbering in another state.

Practicing cosmetology means beautifying, cleaning, or embellishing hair; arching or dyeing eyebrows; dyeing eye lashes; providing makeup artist services; providing

esthetic services; or providing nail technician services. To qualify for a cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) successfully complete at least 1,500 hours of training in a cosmetology school or training by serving as a registered apprentice under the supervision of a licensed senior cosmetologist in a beauty salon or barbershop that holds a valid permit; and (3) pass a written and practical examination. The board may waive the examination requirement for an individual who is licensed to practice as a cosmetologist in another state.

An individual may also submit an application for a limited cosmetologist license to provide makeup artist services, esthetic services, or nail technician services. Except for an applicant for a limited license to provide makeup artist services, to qualify for a limited cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) complete training in the field of focus; and (3) pass a written and practical examination. In addition to the other requirements for a limited license, an applicant for a limited license to provide makeup artist services must submit to the board credentials that certify sufficient training.

A person who wishes to operate a barbershop or beauty salon must obtain a permit from the appropriate board. A person may operate a beauty salon as a limited practice beauty salon and offer cosmetology services limited to providing makeup artist services, esthetic services, or nail technician services if the required limited practice permit is obtained. Both boards are authorized to issue citations to and impose civil penalties on licensees and permit holders for violations of laws and regulations of the respective boards.

The Board of Barbers charges $50 for an original barber and master barber license and for a biennial renewal. The Board of Cosmetologists charges $25 for an original cosmetologist, esthetician, nail technician, makeup artist, and senior cosmetologist license and for a biennial renewal. Both boards charge $10 for an apprentice license. Both boards charge $200 for a permit to operate a barbershop or beauty salon and $50 for a biennial renewal. In fiscal 2006, the Board of Barbers issued 6,206 licenses, and the Board of Cosmetologists issued 44,907 licenses. The Board of Barbers collected $223,923 in licensing and related fees in fiscal 2005 and $192,143 in fiscal 2006. The Board of Cosmetologists collected $881,702 in licensing and related fees in fiscal 2005 and $835,997 in fiscal 2006.

For further information contact:

State Board of Barbers
500 North Calvert Street, Room 201
Baltimore, Maryland 21202-3651
410-230-6320
Web Site: http://www.dllr.state.md.us/license/occprof/barber.html

State Board of Cosmetologists
500 North Calvert Street, Room 201
Baltimore, Maryland 21202-3651
410-230-6320
Web Site: http://www.dllr.state.md.us/license/occprof/cos.html

Cemeteries

The Office of Cemetery Oversight, established in 1997, regulates cemeteries, including those offering perpetual care and preneed burial contracts. An individual must be registered with the office before operating a cemetery or providing burial goods. A corporation, limited liability company, or partnership must obtain a permit before operating a cemetery or burial goods business.

To qualify for a registration, an applicant must demonstrate that the cemetery or burial goods business is financially stable. To qualify for a permit, the business entity must designate a registered cemeterian or seller as the individual responsible for the oversight of each cemetery or burial goods business.

Bona fide, religious nonprofit cemeteries that do not sell preneed goods are exempt. Morticians, funeral directors, and funeral homes are also exempt because they are regulated by the State Board of Morticians.

The office investigates and mediates consumer complaints involving cemeteries or burial goods sold by State-registered cemetery personnel. The office also enforces and monitors the ethical standards related to the operation and sale of cemetery and burial goods to protect the citizens of Maryland from unfair and unscrupulous practices in the cemetery industry.

Sellers of preneed goods and services, including funeral directors and morticians, must distribute a general price list, disclose all the goods and services reasonably expected to be required at the time of need but not included in the preneed contract, and disclose the buyer's cancellation and refund rights. All preneed sellers of caskets or

casket vaults must deposit in a trust or escrow account 80 percent of the payment for caskets or casket vaults.

As a result of a review of the office in 2005 under the Maryland Program Evaluation Act, legislation was enacted in 2006 to extend the authority of the Director of Cemetery Oversight over registered cemeterians, registered sellers, and permit holders to include persons that are subject to the registration and permit requirements of the Maryland Cemetery Act. Any person subject to the Maryland Cemetery Act must comply with applicable perpetual care trust requirements and statutory requirements regarding written contract disclosures, cemetery plot surveys, and price lists.

Registration and permit fees are based on the number of contracts sold and renewed biennially. In fiscal 2006, the office issued 948 registrations and permits. The office collected $156,469 in licensing and related fees in fiscal 2005 and $356,243 in fiscal 2006.

For further information contact:

Office of Cemetery Oversight
Advisory Council on Cemetery Operations
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6229
Web Site: http://www.dllr.state.md.us/license/occprof/cemetery.html

Collection Agencies

The State Collection Agency Licensing Board, under the Division of Financial Regulation, regulates and licenses collection agencies, excluding entities that collect their own consumer debt. A collection agency is a person that engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim for a third-party debt; or sells systems used to collect debt.

To qualify for a license, an applicant must file a $5,000 surety bond to cover the costs that result from any violations that the applicant commits. The board requires each place of business of a collection agency to obtain a separate license. The board charges $400 for an original license and for a biennial renewal. In fiscal 2006, the board licensed approximately 1,200 collection agencies. The board collected $75,600 in licensing and related fees in fiscal 2005 and $434,400 in fiscal 2006.

For further information contact:

State Collection Agency Licensing Board
Commissioner of Financial Regulation
500 North Calvert Street, Room 402
Baltimore, Maryland 21202-3651
410-230-6100
Web Site: http://www.dllr.state.md.us/license/fin_reg/colagency/colagency.htm

Electricians

The State Board of Master Electricians regulates and licenses electricians. Providing electrical services means providing a service in the electrical trade, including installing, repairing, or altering any electrical wiring, fixture, appliance, apparatus, raceway, or conduit that generates, transmits, transforms, or uses electrical energy in any form for light, heat, power, or communication.

To qualify for the master electrician license, an applicant must meet experience requirements and pass an examination. An individual is not required to maintain a State license if the individual qualifies for and holds a current local license in the jurisdiction in which the individual is providing electrical services. Most counties and three municipal corporations in the State have local licensing regulations for master electricians.

The holder of an out-of-state master electrician license may secure the necessary county master electrician license without meeting the examination requirement through an established system of reciprocal licensing. Since the State license is a 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. However, all complaints are reported to the board. In addition, the holder of a State license may use the State license to obtain a local license and assign the local license to another person who engages in the business of providing electrical services. The names of both the license holder and assignee must appear on the State license.

The board charges $20 for an original master electrician license and $25 for a biennial renewal. The board charges $20 for a master inactive license and $50 for a biennial renewal. The board charges $20 for an assigned active license and $25 for a biennial renewal. There were 4,719 licensed master electricians in the State in fiscal 2006. The board collected $108,400 in licensing and related fees in fiscal 2005 and $104,183 in fiscal 2006.

For further information contact:

State Board of Master Electricians
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Web Site: http://www.dllr.state.md.us/license/occprof/elec.html

Elevator Contractors and Elevator Mechanics

The Elevator Safety Review Board regulates and licenses elevator contractors, mechanics, and renovators and recommends standards relating to the safe operation, maintenance, servicing, construction, alteration, installation, and inspection of elevators, dumbwaiters, escalators, and moving walks.

An elevator contractor engages in the business of erecting, constructing, wiring, altering, replacing, maintaining, repairing, dismantling, or servicing elevators, dumbwaiters, escalators, and moving walks. An elevator renovator contractor engages in the business of performing work, and an elevator renovator mechanic performs work, on the interior of an elevator involving the removal or installation of the nonstructural surface of the elevator's wall, ceiling, floor, rail, or handle and that does not affect the elevator's moving operation. An elevator mechanic erects, constructs, wires, alters, replaces, maintains, repairs, dismantles, or services elevators, dumbwaiters, escalators, and moving walks.

To qualify for an elevator contractor license, an applicant must have at least five years of work experience in the elevator industry in construction, maintenance, service, or repair. To qualify for an elevator mechanic license, an applicant must have a combination of education and experience in the elevator industry and either pass the examination or have a certificate of completion of the mechanic examination of a nationally recognized training program for the elevator industry. Successful completion of an approved apprenticeship training program will satisfy the education, experience, and examination requirements.

The board charges $275 for an initial elevator contractor license and $300 for a biennial renewal. The board charges $175 for an initial elevator mechanic license and $200 for a biennial renewal. Applicants must also pay a $25 application fee. For $25, the board may issue a temporary 30-day elevator mechanic license. The temporary license may be renewed for another 30 days for $10. Although the board has authority to license elevator renovator contractors and mechanics, it has not done so due to a lack of funding.

For further information contact:

Elevator Safety Review Board
500 North Calvert Street, 3rd Floor
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/elev.html

Employment Agencies

The Division of Labor and Industry regulates employment agencies through a bonding process. In 2003, as part of the sunset extension and program evaluation of the division, the portions of the Maryland Employment Agency Act that require employment agencies and employment counselors to be licensed by the Commissioner of Labor and Industry were repealed. Approximately half of the licensees were home-based health care agencies. Such agencies are now required to be subject to the same quality of care standards that apply to other agencies that send workers into the home to provide health care services under the Health-General Article.

Although no longer required to be licensed by the division, the remaining employment agencies must obtain and submit to the commissioner a $7,000 penal bond before doing business in the State. An employment agency is an individual or business entity who, for a fee (1) obtains or attempts to obtain employment for a client or an employee for a client employer; (2) provides a client information to enable the client to get a job; (3) obtains or attempts to obtain employment in connection with an entertainment, exhibition, or performance; or (4) obtains or tries to obtain an alien labor certification or immigrant visa. In fiscal 2006, 36 bonds were filed with the division from employment agencies.

For further information contact:

Division of Labor and Industry
1100 North Eutaw Street, Room 606
Baltimore, Maryland 21201
410-767-2228
Web Site: http://www.dllr.state.md.us/labor/empa.html

Foresters

The State Board of Foresters regulates and licenses foresters. Practicing forestry means consulting, investigating, evaluating, planning, and supervising forestry activities.

Forestry activities include the application of scientific techniques to the planning, conservation, protection, and management of trees and related resources for their continuing use whether found in large numbers in forests, woodlands, and woodlots, or in small groupings and individual trees in suburban or urban settings. To qualify for a license, an applicant must meet experience and education criteria. The board may enter into reciprocal agreements with boards in other states. To qualify for a renewal license, the licensee must complete certain continuing education courses.

The board charges $55 for an original license and $100 for a biennial renewal. There is an additional $45 application fee. In fiscal 2006, the board issued licenses to 189 foresters. The board collected $16,420 in licensing and related fees in fiscal 2005 and $2,635 in fiscal 2006.

For further information contact:

State Board of Foresters
500 North Calvert Street, Room 304
Baltimore, Maryland 21202-3651
410-230-6271
Web Site: http://www.dllr.state.md.us/license/occprof/forest.html

Heating, Ventilation, Air-conditioning, and Refrigeration Contractors

The State Board of Heating, Ventilation, Air-conditioning, and Refrigeration Contractors regulates and licenses persons who provide heating, ventilation, air-conditioning, and refrigeration services. The board enforces a code that sets minimum standards for altering, remodeling, maintaining, and repairing heating, ventilation, air-conditioning, and refrigeration systems.

The board issues six types of licenses – master, master restricted, limited contractor, journeyman, journeyman restricted, and apprentice. A master license entitles the licensee to provide heating, ventilation, air-conditioning, or refrigeration services. A master restricted license entitles the licensee to provide services in one of the following areas: heating-forced air systems, heating-hydronic systems, ventilation, air-conditioning, or refrigeration. A limited contractor license allows the licensee to maintain or repair one or more of the following systems: heating, cooling, refrigeration, ventilation, or hydronic. A journeyman license entitles the licensee to perform heating, ventilation, air-conditioning, and refrigeration services while under the direction and control of a licensed contractor. An individual entering the trade of heating, ventilation, air-conditioning, and refrigeration work must obtain an apprentice license.

To qualify for a master license or a master restricted license, an applicant must (1) have three years of experience under a licensed master or restricted master; (2) work a minimum of 1,875 hours in the year prior to application; and (3) pass an examination. To qualify for a limited contractor license, an applicant must (1) have two years of experience under a licensed master; (2) work a minimum of 1,000 hours in the year prior to application; and (3) pass an examination. A holder of a master, master restricted, or limited contractor license may not contract to provide services unless the work of the licensee, including completed operations, is covered by at least $300,000 in general liability coverage and $100,000 in property damage insurance coverage.

To qualify for a journeyman license or a journeyman restricted license, an applicant must (1) hold an apprentice license for at least three years; (2) complete at least 1,875 hours of training under the direction and control of a licensed contractor; and (3) pass an examination. An applicant may obtain a license without taking the examination if the applicant has successfully completed an apprenticeship program in heating, ventilation, air-conditioning, and refrigeration approved by the Apprenticeship and Training Council.

Many counties and municipalities in Maryland have license, permit, or inspection requirements that apply to heating, ventilation, air-conditioning, and refrigeration projects. The board is required to enter into a cooperative agreement with a county for the county to enforce the code adopted under the statute. Violations of local requirements are grounds for disciplinary action against a State licensee.

The board charges $75 for an original master license and for a biennial renewal; $25 to $75 for an original master restricted license and for a biennial renewal; $75 for an original limited contractor license and for a biennial renewal; $20 for an original journeyman license, including a journeyman restricted license, and for a biennial renewal; and $10 for an original apprentice license and for a biennial renewal. In fiscal 2006, the board issued 15,305 licenses. The board collected $178,213 in licensing and related fees in fiscal 2005 and $246,156 in fiscal 2006.

For further information contact:

State Board of Heating, Ventilation, Air-Conditioning and
Refrigeration Contractors
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Web Site: http://www.dllr.state.md.us/license/occprof/heat.html

Home Improvement Contractors

The Maryland Home Improvement Commission regulates and licenses home improvement contractors, subcontractors, and salespersons. The commission sets standards to foster a high degree of professionalism and workmanship and safeguard consumer rights of homeowners.

The commission regulates more than 80 home improvement categories, including the addition to, alteration, conversion, improvement, modernization, remodeling, repair, or replacement of any building that is used as a residence or dwelling place for up to three family units. Home improvement services include the construction, improvement, or replacement, on land adjacent to the building, of a driveway, fall-out shelter, fence, garage, landscaping, porch, or swimming pool; connection, installation, or replacement, in the building or structure, of a dishwasher, disposal, or refrigerator with an icemaker to existing exposed household plumbing lines; installation, in the building or structure, of an awning, fire alarm, or storm window; and work done on individual condominium units. Home improvement services do not include work performed on apartment buildings that contain four or more single-family units or work performed on the commonly owned areas of condominiums.

To qualify for a contractor, subcontractor, or salesperson license, an applicant must pass an examination. An applicant for a contractor license must demonstrate financial solvency by providing a list of total assets and liabilities, a statement of net worth, and a credit report. Additionally, the applicant must have at least two years of relevant work experience and provide a certificate of general liability insurance in the amount of at least $50,000.

At the time of application for a contractor license, the applicant or licensed contractor must pay $100 to the Home Improvement Guaranty Fund. Those renewing licenses must pay $75 into the fund. The fund compensates homeowners for actual monetary losses due to poor workmanship or failure to perform a home improvement contract. Each licensed contractor is covered by the fund for up to $100,000 for all claims. An individual homeowner may be awarded up to $15,000 from the fund. Contractors may be required to contribute additional fees whenever the fund is in danger of falling below $250,000. The commission investigates complaints by homeowners and determines whether a homeowner is entitled to an award from the fund.

The commission charges $325 for an original contractor license and $329.61 for a biennial renewal, $125 for an original subcontractor license and for a biennial renewal, and $75 for an original salesperson license and for a biennial renewal. In fiscal 2006,

there were 17,646 licensees. The commission collected $2,065,968 in licensing and related fees in fiscal 2005 and $1,855,050 in fiscal 2006.

For further information contact:

Maryland Home Improvement Commission
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6309
Web Site: http://www.dllr.state.md.us/license/occprof/homeim.html

Pilots and Docking Masters

The State Board of Pilots regulates and licenses pilots who pilot vessels on the navigable waters of the State to ensure the safety of the pilotage services. As of 2004, the board also regulates and licenses docking masters to ensure the safety of docking service. The board sets, by regulation, the training and experience requirements for a bay pilot to perform the tasks of a docking master and for a docking master to perform the tasks of a bay pilot.

Providing pilotage means piloting a vessel when the vessel is underway on the navigable waters of the State, including when the vessel is towing or being towed by another vessel. In 2004, the definition of pilotage was expanded to include maneuvering a vessel during berthing or unberthing operations with tug assistance and shifting a vessel within a port, with tug assistance, which are operations normally undertaken by docking masters.

The board issues four types of licenses (unlimited, 37-foot draft limited, 34-foot draft limited, and 28-foot draft limited). There is no reciprocal licensing process. To qualify for a license, an applicant must possess the appropriate skill, experience, and training. The board determines requirements for pilots-in-training to enter the piloting profession and oversees the pilots-in-training program. To ensure the adequacy of the equipment needed by the pilots, the board administers a Maintenance and Replacement Fund that is funded by the Association of Maryland Pilots from the collection of pilotage fees and charges. The Public Service Commission sets pilotage charges.

The board charges original pilot licensing and biennial renewal fees ranging from $200 to $600. In fiscal 2006, the board issued 63 licenses. The board collected $1,734 in licensing and related fees in fiscal 2005 and $37,702 in fiscal 2006.

For further information contact:

State Board of Pilots
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/pilot.html

Plumbers

The State Board of Plumbing regulates and licenses plumbers. The board issues several types of licenses – master plumber, journey plumber, apprentice plumber, master natural gas fitter, journeyman natural gas fitter, apprentice natural gas fitter, and propane gas fitter certificate.

Providing plumbing services means installing, maintaining, extending, altering, or removing piping, a plumbing fixture, a plumbing appliance, a plumbing appurtenance, or other plumbing apparatus (1) within or adjacent to a building, structure, or property; and (2) in connection with a public or private disposal system, sanitary drainage facility, or storm drainage facility; a venting system; or public or private water supply system. Providing plumbing services includes installing, repairing, servicing, and replacing gas piping, gas utilization equipment, and associated accessories.

To qualify for a master plumber license, an applicant must (1) have held a journey license for at least two years; (2) complete 3,700 hours of training under the direction and control of a licensed master plumber; and (3) pass an examination. To qualify for a journey plumber license, an applicant must (1) have held an apprentice license for at least four years; (2) complete 7,500 hours of training under the control and direction of a licensed master plumber; (3) complete 32 hours of training in backflow prevention devices; and (4) pass an examination. An apprentice plumber is authorized to assist in providing plumbing services only under the direction and control of a master plumber.

Providing natural gas services means installing, maintaining, extending, altering, and removing piping, gas-fired equipment, appliances, or appurtenances in connection with a natural gas supply system downstream of the gas utility point of delivery. To qualify for a master natural gas fitters license, an applicant must have a current master gas fitters license from Baltimore City, Baltimore County, or the Washington Suburban Sanitary Commission. An applicant for a master natural gas fitters license after October 1, 2002, must fulfill training and experience requirements, pass an examination, and possess a Heating, Ventilation, Air-Conditioning, and Refrigeration Contractor license. To qualify for a journey natural gas fitters license, an applicant must have acquired at

least 3,750 hours as an apprentice natural gas fitter over a period of at least two years, complete an approved training course related to natural gas services, and pass an examination. An apprentice natural gas fitter is authorized to assist in providing natural gas services only under the direction and control of a master licensed master natural gas fitter.

Providing propane gas services means installing, repairing, servicing, and replacing propane gas piping, propane gas utilization equipment, and associated accessories. To qualify for a propane gas fitters certification, an applicant must (1) hold a current certification of completion of the National Propane Gas Association training program for distribution systems operations; (2) hold a gas fitters license from a county or municipal corporation authorizing the person to provide gas services; or (3) demonstrate that the applicant's qualifications are at least equivalent to the qualifications required by the association.

The board charges $70 for an original master (plumber or natural gas fitters) license and for a biennial renewal; $35 for an original journey (journey plumber or journey natural gas fitters) license and for a biennial renewal; $15 for an apprentice (plumber or natural gas fitters) license and for a biennial renewal; and $35 for a propane gas fitters certification and for a biennial renewal. In fiscal 2006, the board licensed 12,603 plumbers. The board collected $242,245 in licensing and related fees in fiscal 2005 and $227,864 in fiscal 2006.

For further information contact:

State Board of Plumbing
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Web Site: http://www.dllr.state.md.us/license/occprof/plumber.html

Real Estate Appraisers and Home Inspectors

The State Commission of Real Estate Appraisers and Home Inspectors regulates and licenses/certifies real estate appraisers and home inspectors.

Providing real estate appraisal services means making an appraisal of real estate or preparing or signing an appraisal report in connection with a federally related transaction, as defined in the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The federal Act spurred State legislation regulating real estate appraisers and mandated that all mortgage lenders and financial institutions that offer "federally related"

loan transactions secured by a lien on real property and over a specific dollar amount, must use a State licensed or certified appraiser. Minimum criteria for the licensing and certification of appraisers are subject to federal standards. Since the enactment of legislation regulating real estate appraisers, additional legislation has been enacted to regulate home inspectors.

Maryland's statute regulating real estate appraisers is recognized at the federal level as a minimum mandatory law. This statute, unlike the laws in several surrounding states, only requires an appraiser to be licensed or certified if they are performing an appraisal on a "federally related" transaction. All other appraisals may be performed by unlicensed persons. The commission provides three categories of real estate appraiser license/certification – licensed, certified residential, and certified general. Varying amounts of education and work experience are required for each category. An applicant for a license must have completed at least 2,000 hours of appraisal work as a real estate appraiser trainee under the supervision of a licensed or certified appraiser.

Providing home inspection services means providing a written evaluation of one or more of the components of an existing residential building, including the heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component. To qualify for a home inspector license, an applicant must complete training in home inspection work experience or certification requirements and satisfy high school education and liability insurance requirements before becoming licensed. However, the law for the licensing and regulation of home inspectors has been deferred until an appropriation to fund the program is allocated.

The commission charges $150 for an original real estate appraiser license and $200 for a three-year term renewal. The commission charges $175 for a certified residential appraiser license and a certified general appraiser license and $200 for a three-year renewal. Fees for appraiser licensure/certification include a $75 Federal Appraisal Fee Fund allocation. The commission charges $75 for an appraiser trainee license that may be renewed for one additional three-year term.

For home inspector licenses, the commission is authorized to charge $400 for an original license and for a two-year renewal and a $50 application fee. No fees for licenses for home inspectors will be charged until the program is funded. In fiscal 2006, the commission issued 5,302 licenses. The commission generated $168,569 in licensing and related fees in fiscal 2005 and $199,845 in fiscal 2006.

For further information contact:

State Commission of Real Estate Appraisers and Home Inspectors
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6165
Web Site: http://www.dllr.state.md.us/license/occprof/reappr.html

Real Estate Brokers

The State Real Estate Commission regulates and licenses real estate brokers, associate real estate brokers, and real estate salespersons.

Providing real estate brokerage services means selling, buying, exchanging, or leasing any real estate or collecting rent for the use of any real estate for another person; assisting another person to locate or obtain for purchase or lease any residential real estate; engaging regularly in a business of dealing in real estate or leases or options on real estate; engaging in a business to promote the sale of real estate through a listing in a real estate publication; or engaging in a business that subdivides land and sells the divided lots. Providing real estate brokerage services includes serving as a consultant regarding any of these activities.

To qualify for a real estate broker license, an applicant must successfully complete a course approved by the commission and have been a licensed real estate salesperson who actively provided real estate brokerage services for at least three years. To qualify for an associate real estate broker license, an applicant must complete the same education and experience requirements for a real estate broker license and obtain a commitment from a licensed real estate broker that the applicant will become affiliated with the licensed real estate broker. To qualify for a real estate salesperson license, an applicant must successfully complete (1) a basic course in real estate that does not require more than 60 hours of classroom instruction; or (2) with approval from the commission, courses in real estate subjects at any college.

An applicant for each of the licenses must also pass an examination. All licensees, with the exception of those who only provide services for commercial real estate transactions, must complete continuing education requirements for a license renewal. The commission investigates complaints through hearing panels that conduct hearings on charges and complaints referred by the commission or by other persons.

"Dual agency" is allowed in Maryland in the limited circumstance when a real estate broker represents both a seller and a buyer of residential real property listed by the real estate broker in accordance with specified conditions, including the written consent of all parties to the transaction. The statute provides standards for licensees when

providing real estate brokerage services to clients under a brokerage agreement and to prospective buyers and lessees under presumed agency relationships. To allow brokerage firms to provide the full range of services to clients when representing both buyers and sellers, the law specifies the roles of "intra-company agents" and "dual agents." There is a presumption of buyer's agency for a licensee who assists a prospective buyer in locating residential real property and who is neither affiliated with or acting as the listing broker for that property.

The commission administers the Real Estate Guaranty Fund that bonds all licensees. A $20 guaranty fund payment is assessed on brokers, associate brokers, and salespersons at the time of original licensure. The amount recovered for any claim against the guaranty fund may not exceed $25,000. Further, the commission is required to establish fees that will be sufficient to cover the direct and indirect costs of the commission; these funds are deposited in the State Real Estate Commission Fund. The commission charges $95 for an original license and a biennial renewal for a broker license; $65 for an original license and a biennial renewal for an associate broker license; and $45 for an original license and a biennial renewal for a salesperson license. In fiscal 2006, the commission issued 53,710 licenses. The commission generated $1,987,096 in licensing and related fees in fiscal 2005 and $2,142,509 in fiscal 2006.

For further information contact:

State Real Estate Commission
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6230
Web Site: http://www.dllr.state.md.us/license/occprof/recomm.html

Secondhand Precious Metal Object Dealers and Pawnbrokers

The Secondhand Precious Metal Object Dealers and Pawnbrokers Licensing Unit regulates and licenses secondhand precious metal object dealers and regulates pawnbrokers in counties without local pawn laws.

A dealer is an individual who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects. A dealer includes a retail jeweler who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects. A pawnbroker is an individual who engages in pawn transactions, including (1) loaning money on deposit or pledge of personal property or other valuable thing; or (2) purchasing personal property or other

valuable things on condition of selling the same personal property back at a stipulated price.

The Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services must provide to the unit a criminal history record background check for each applicant. Many counties in the State have local ordinances and zoning laws that apply to secondhand precious metal object dealer locations and pawn shops. A pawnbroker is not required to obtain a State license if the pawnbroker is located in a county that regulates pawnbrokers.

The unit charges $75 for an original license and for a biennial renewal. The applicant also pays $42 for the cost of the criminal history record background check and $5 for fingerprinting. In fiscal 2006, there were 244 licensed secondhand precious metal object dealers and pawnbrokers. The unit collected $7,900 in revenue in fiscal 2005 and $16,925 in fiscal 2006.

For further information contact:

Secondhand Precious Metal Objects Dealers and Pawnbrokers Licensing Unit
500 North Calvert Street, Room 304
Baltimore, Maryland 21202-3651
410-230-6271
Web Site: http://www.dllr.state.md.us/license/occprof/pawn.html

Stationary Engineers

The State Board of Stationary Engineers regulates and licenses individuals throughout the State who work with physical plant machinery of buildings. Formerly the Board of Examining Engineers in Baltimore City, the board was instituted in the interest of safety and efficiency in the operation, use, and inspection of steam and power generators, heating plants, hosting machines, pressure vessels, and related equipment.

The State board issues three classifications of licenses – first, second, and third 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. To qualify for a license, an applicant must meet certain minimum experience requirements and pass a written examination. An individual who provides stationary engineer services in Baltimore City must be licensed by the State board on or after October 1, 2005, and an individual who provides stationary engineer services in a

subdivision other than Baltimore City must be licensed by the State board on or after July 1, 2006.

The board charges $15 for an original license and $30 for a biennial renewal. In fiscal 2006, the board issued 5,116 licenses. The board collected $82,625 in fiscal 2005 for licensing and related fees and $149,520 in fiscal 2006.

For further information contact:

State Board of Stationary Engineers
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Web Site: http://www.dllr.state.md.us/license/occprof/exengin.html

Design Professional Licensing Boards

Five boards under the Division of Occupational and Professional Licensing compose the design professional boards: the State Board of Architects, the State Board of Examiners of Landscape Architects, the State Board of Certified Interior Designers, the State Board for Professional Land Surveyors, and the State Board for Professional Engineers. A pilot program established in 2003 created a State Occupational and Professional Licensing Design Boards' Fund that terminates on June 30, 2008. The boards have fee-setting authority and all licensing proceeds are deposited into the fund. The chairmen of all five design boards are required to hold a joint meeting to discuss issues of mutual importance and to publish a joint newsletter.

Architects and Landscape Architects

The State Board of Architects regulates and licenses architects, and the State Board of Examiners of Landscape Architects regulates and licenses landscape architects.

Practicing architecture means providing any service or creative work with regard to an addition to, alteration of, or construction of a building or an integral part of a building that requires education, training, and experience in architecture. The practice of architecture includes architectural design and preparation of related documents; consultation; design coordination; evaluation; investigation; and planning. To qualify for a license, an applicant must pass an examination and meet educational and experience criteria. If an applicant has practical work experience and training that the board considers appropriate, the applicant is exempt from meeting the educational criteria. Nonresident architects who wish to practice architecture in the State must apply for a

license by reciprocity. A licensed architect seeking renewal or reinstatement of a license must complete 24 hours of continuing education credits over two years, including 16 hours that relate to the health, safety, and welfare of the general public.

Practicing landscape architecture means providing any service or creative work in the analysis or design of land and natural resources that requires training and experience in the application of the biological, physical, mathematical, and social sciences and performing design coordination of a project or portion of a project. The practice of landscape architecture includes consultation, research, analysis, assessment, selection, and allocation of land and natural resources; development of criteria to govern the planning and design of land development and construction programs; and in conjunction with site plan preparation, the performance of determining a grade and drainage and preparing and designing stormwater drainage systems. To qualify for a license, an applicant must pass an examination and meet educational and experience criteria. Nonresident landscape architects who wish to practice in the State must apply for a license by reciprocity.

A business must obtain a permit from the appropriate board if the business wishes to (1) operate a business through which a licensed architect practices architecture or a licensed landscape architect practices landscape architecture; and (2) represent to the public that the business provides services of a licensed architect or licensed landscape architect. The permit authorizes the holder to provide a service that constitutes practicing architecture or landscape architecture only if an individual who is licensed or otherwise authorized to practice architecture performs the service or landscape architecture. A business may provide landscape architectural services for itself or for an affiliated corporation without a permit.

Both boards are authorized to set reasonable fees to cover the direct and indirect costs associated with their respective board. The State Board of Architects and the State Board of Examiners of Landscape Architects each charge $78 for an original license and for biennial renewal of a license and $100 for an original permit and for renewal of a permit for business entities. Both boards also charge $50 for a reciprocal license and a $35 application fee. The Board of Examiners of Landscape Architects charges an additional $60 for a nonrefundable testing service fee. The fees for the landscape architect exams range from $65 to $215. In fiscal 2006, the division licensed 5,553 architects and 857 landscape architects. The Board of Architects collected $279,529 in licensing and related fees in fiscal 2005 and an estimated $280,000 in fiscal 2006. The Board of Examiners of Landscape Architects collected $67,730 in licensing and related fees in fiscal 2005 and an estimated $65,000 in fiscal 2006.

For further information contact:

State Board of Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/arc.html

State Board of Examiners of Landscape Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/land.html

Certified Interior Designers

The State Board of Certified Interior Designers certifies interior designers who use the title "certified interior designer" or the term "certified interior design services" on any card, device, sign, stationery, or other means of identification or communication.

Interior design services include the planning and design of interior spaces not materially related to or materially affecting building systems. To qualify for certification, an applicant must pass an examination prepared by the National Council for Interior Design Qualification and meet education and experience criteria. Out-of-state applicants may also qualify through reciprocity. To qualify for renewal of a certificate, the certification holder must meet continuing education requirements.

The board is authorized to set reasonable fees to cover the direct and indirect costs associated with the board. The board charges $78 for a certification and for each biennial renewal. There is also an application fee of $50 for a reciprocal certificate and $35 for an original certificate. In fiscal 2006, there were 289 certified interior designers. The board collected $14,791 in licensing and related fees in fiscal 2005 and an estimated $14,000 in fiscal 2006.

For further information contact:

State Board of Certified Interior Designers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/cid.html

Professional Land Surveyors

The State Board for Professional Land Surveyors regulates the practice of land surveying and property line surveying by licensing professional land surveyors and property line surveyors and issuing permits to entities that operate a business through which land surveying or property line surveying is practiced.

Practicing land surveying means establishing land boundaries, surveying and plotting land, and determining topography and contours. Property line surveying means practicing land surveying except for the performance of land surveying services that involve road and street grades, sediment and erosion control measures, and storm drainage and stormwater management systems. To qualify for a land surveyor license or a property line surveyor license, an applicant must pass an examination and meet educational and experience criteria. To qualify for a renewal license, licensees must fulfill the continuing professional competency requirements.

The board is authorized to set reasonable fees to cover the direct and indirect costs associated with the board. The board charges $78 for an original land surveying license and for each biennial renewal. The board charges $100 for an original corporate land surveying permit and for each biennial renewal. Examination fees range from $35 to $110 with an additional $60 testing service fee. In fiscal 2006, the board licensed 909 land surveyors. The board collected $54,218 in licensing and related fees in fiscal 2005 and an estimated $60,000 in fiscal 2006.

For further information contact:

State Board for Professional Land Surveyors
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/lsurvyr.html

Professional Engineers

The State Board for Professional Engineers regulates and licenses professional engineers. Professional engineers practice engineering, which means providing any service or creative work the performance of which requires education, training, and experience in the application of special knowledge of the mathematical, physical, and engineering sciences and the principles and methods of engineering analysis and design.

To qualify for a license, an applicant must meet experience and educational criteria and pass an examination in the fundamentals of engineering and an examination in the principles and practice of engineering. The applicant must take the principles and practice examination in the discipline in which the applicant's education and experience were gained. The disciplines are agricultural, architectural, chemical, civil, electrical, control systems, electrical and computer, environmental, fire protection, industrial, mechanical, metallurgical, mining/mineral, naval architecture/marine engineering, nuclear, petroleum, and structural.

A professional engineer who is licensed in another state may obtain a limited license to practice engineering for a specific job in Maryland. A license by reciprocity to practice engineering in the State is available to an individual who is currently licensed to practice engineering in another state or territory of the United States or in a foreign country.

The board is authorized to set reasonable fees to cover the direct and indirect costs associated with the board. The board charges $78 for an original license and for a biennial renewal. The board charges $50 for a license by reciprocity and $60 for a testing service fee. Examination costs are $55 and $135 depending on the type of exam. In fiscal 2006, there were 16,804 licensed engineers in the State. The board collected $955,697 in licensing and related fees in fiscal 2005 and an estimated $875,000 in fiscal 2006.

For further information contact:

State Board for Professional Engineers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Web Site: http://www.dllr.state.md.us/license/occprof/profeng.html

Department of State Police

In addition to enforcing public safety laws, the Department of State Police regulates private detective agencies and private detectives, security guard agencies and security guards, and security system agencies and technicians.

Private Detective Agencies

The department regulates and licenses private detective agencies. A person must be licensed by the Secretary of State Police as a private detective agency before the

individual or business entity may provide private detective services in the State. A license is not required for those who (1) exclusively investigate and report on the financial standing or creditworthiness of a person; (2) exclusively investigate and make reports for insurance or credit (unless the report requires a certain level of surveillance); (3) monitor electronically controlled burglar or fire alarm systems; or (4) conducts marketing surveys.

Generally, an individual must be certified by the Secretary as a private detective before the individual may personally provide any private detective services.

To qualify for a private detective agency license, an applicant must undergo a State and federal criminal background check, submit a complete set of fingerprints for each employee who will provide private detective services, and submit five written recommendations per employee. Further, an applicant must obtain a $3,000 surety bond ($5,000 if the applicant is a firm) and $1 million of liability insurance.

For an original private detective agency license, the department charges $200 if the applicant is an individual and $375 if the applicant is a firm. For a biennial renewal, the department charges $200 if the applicant is an individual and $400 if the applicant is a firm. Applicants also pay the cost of a criminal background and fingerprint check. The department charges $15 for an original certification of a detective and $10 for a three-year renewal. The department collected $165,432 in licensing and related fees from 459 licenses issued in fiscal 2006.

For further information contact:

Department of State Police
1201 Reisterstown Road
Pikesville, Maryland 21208
410-486-3101
Web Site: http://www.mdsp.org/downloads/licensing_application.pdf

Security Guard Agencies

The department regulates and licenses security guard agencies that are hired to protect individuals or property. In addition, the department certifies individual security guards who are employed by security guard agencies.

License and certification applicants must undergo a criminal history records check and submit a complete set of fingerprints. Any firm that intends to employ at least five people as security guards must obtain $1 million general liability insurance. Failure to

maintain insurance is grounds for automatic suspension of a security guard agency's license.

The department charges $200 for an original agency license and for a three-year renewal if the applicant is an individual and $375 for an original agency license and $400 for a three-year renewal if the applicant is a firm. The department charges $15 to certify an employee as a security guard and $10 to renew a security guard certification. Applicants also pay the cost of a criminal history records check. The department collected $199,038 in licensing and related fees from 5,799 licenses issued in fiscal 2006.

For further information contact:

Department of State Police
1201 Reisterstown Road
Pikesville, Maryland 21208
4l0-486-3101
Web Site: http://www.mdsp.org/downloads/licensing_application.pdf

Security Systems Agencies and Technicians

The department regulates and licenses security systems agencies and registers security systems technicians who personally provide security systems services. Security systems services involve physically installing, maintaining, or repairing a security system on the premises of a person's residential or commercial property or responding to an alarm sounding from a security system. Approximately 750 licensed security system agencies employ about 5,700 registered employees.

To qualify for a security systems agency license, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints. Further, an applicant must obtain (1) a $50,000 fidelity bond or $50,000 general liability insurance; and (2) two recommendations by reputable citizens in Maryland or the applicant's state of residence. To qualify for a security systems technicians registration, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints.

The department charges $150 for an original agency license, which includes the cost of a criminal records check, and $57, which includes the cost of a criminal records check, to register each technician. The department charges $124, which includes the fee for a criminal history records check, to renew an agency license for a three-year period, and $39, which includes the fee for a criminal history records check, to renew a

technician registration for a three-year period. The department collected $37,670 in licensing and related fees from 992 licenses in fiscal 2006.

For further information contact:

Department of State Police
1201 Reisterstown Road
Pikesville, Maryland 21208
4l0-486-3101
Web Site: http://www.mdsp.org/downloads/licensing_application.pdf

Office of the Attorney General, Court of Appeals, and Department of Public Safety and Correctional Services

In addition to enforcing the consumer protection laws, the Consumer Protection Division of the Office of the Attorney General has a unit that regulates home builders. Moreover, the Court of Appeals regulates lawyers, and the Department of Public Safety and Correctional Services regulates private home detention monitoring agencies.

Home Builders

The Home Builder Registration Unit, established in January 2001 in the Consumer Protection Division of the Office of the Attorney General, regulates and registers home builders. A home builder is a person that builds new homes or that enters into contracts to sell new homes. Only one registration is required for a home builder that, as a single legal entity, builds and sells new homes. If a home builder conducts its building business under a separate legal entity from its selling business, a registration is required for each legal entity.

An entity that builds new homes solely in Montgomery County is exempt from the State registration requirement. Others exempt from the registration requirements include employees, subcontractors, and vendors of registrants; manufacturers of industrialized buildings intended for residential use or of mobile homes, if the manufacturers do not install the buildings or homes; real estate developers that do not construct homes; and financial institutions lending money for home purchases. The building and permits department of a county may not issue a building permit to an unregistered home builder.

The unit maintains a list of all registrants, develops and provides registrants and consumers with a consumer information pamphlet on the rights and remedies a consumer has in the purchase of a new home, and maintains information on the resolution of consumer complaints involving new home builders.

The unit charges an initial two-year registration fee of $300. Following the initial registration period, the unit charges $150 for biennial renewal for a home builder that builds 10 or fewer homes in the calendar year preceding the renewal date and $300 for a biennial renewal for a home builder that builds 11 or more new homes in the calendar year preceding the renewal date. The unit is special funded by registration and related fees. During fiscal 2005 and 2006, the unit issued 2,356 and 1,340 registrations, respectively. These registrations resulted in the collection of $519,323 and $347,664 in fees during fiscal 2005 and 2006, respectively.

For further information contact:

Maryland Home Builder Registration Unit
Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 17th Floor
Baltimore, Maryland 21202
410-576-6573
Web Site: http://www.oag.state.md.us/Homebuilder/

Lawyers

Established in 1898, the State Board of Law Examiners regulates admissions to the bar in Maryland, subject to the ultimate authority of the Court of Appeals for regulating the practice of law and the conduct and admission of attorneys. Approximately 34,000 lawyers practice in Maryland.

To practice law in Maryland, an individual must have a law degree, complete a legal professionalism course, and pass the Maryland bar examination, which is administered twice a year by the State Board of Law Examiners. The two-day exam consists of essays and multiple-choice questions on specific areas of law, such as constitutional law, contracts, criminal law and procedure, and torts. The applicant must also undergo a detailed character investigation by one of the board's seven character committees (appointed by the Court of Appeals) or by the National Conference of Bar Examiners if the applicant is an out-of-state attorney.

The board charges the following fees for bar admission:

- registration fees: $175 for timely filing or $225 for late filing;
- examination fees: $150;
- out-of-state attorney registration fees: $600;

- retake fees: $150; and
- character questionnaire update fees: $250.

All revenues collected by the board are deposited into the general fund through the Administrative Office of the Courts. The board collected $835,084 in fees in fiscal 2005 and $782,258 in fiscal 2006. The Court of Appeals also operates the Client Protection Fund of the Bar of Maryland, which is used to reimburse losses caused by lawyer theft of client or fiduciary funds. Lawyers admitted to the Maryland Bar must pay an annual $20 fee to the fund.

A person who practices law without admission to the bar or misrepresents the authority to practice is guilty of a misdemeanor and upon conviction faces a fine of up to $5,000 or imprisonment of one year, or both. Anyone who violates laws governing trust accounts faces a fine up to $5,000 or up to five years imprisonment, or both.

For further information contact:

Maryland Board of Law Examiners
2011-F Commerce Park Drive
Annapolis, Maryland 21401
410-260-3460
Web Site: http://www.courts.state.md.us/ble/

Private Home Detention Monitoring Agencies

Pursuant to legislation enacted in 1998, the Central Home Detention Unit of the Department of Public Safety and Correctional Services regulates and licenses private home detention monitoring agencies. These agencies monitor individuals who are placed in home detention, generally in lieu of incarceration, pursuant to a court order. Detainees are monitored 24 hours a day and 7 days a week using electronic equipment or other monitoring methods.

To qualify for a license to operate a business that provides monitoring services for a fee, an applicant must undergo a State and federal criminal history records check, submit a complete set of fingerprints, and obtain a $2,500 bond. Each individual the agency intends to employ as a home detention monitor must also undergo a State and national criminal history records check. To qualify for renewal, an agency must demonstrate compliance with employer tax obligations and other requirements. The unit also enforces regulations pertaining to monitoring equipment, training of licensees, and the number of monitors on duty in relation to the number of defendants.

The unit charges $500 for an original agency license and $100 for a biennial renewal. Applicants also pay the cost of a criminal history records check. The unit collected $790 in licensing and related fees in fiscal 2006, during which there were four licensed agencies in the State.

For further information contact:

Department of Public Safety and Correctional Services
Suite 1000, 300 East Joppa Road
Towson, Maryland 21286-3020
410-339-5000
Toll Free in Maryland: 1-877-379-8636
Web Site: http://www.dpscs.state.md.us/

Appendix 1
Local Permit, Business License, and Assessment Information

	Local Permit Information	Local Business Licenses (Clerks of the Circuit Court)	Local Assessments and Taxation Offices
Allegany County	301-777-5951	301-777-5922	301-777-2108
Anne Arundel County	410-222-7790	410-222-1434	410-974-5709
Baltimore City	410-396-3360	410-333-3790	410-767-8250
Baltimore County	410-887-3353	410-887-2607	410-512-4900
Calvert County	410-535-1600, ext. 2552	410-535-1660	443-550-6480
Caroline County	410-479-8100	410-479-1811	410-819-4450
Carroll County	410-386-2674	410-386-2022	410-857-0600
Cecil County	410-996-5235	410-996-5375	410-996-2760
Charles County	301-645-0600	301-932-3308	301-932-2440
Dorchester County	410-228-9636	410-228-0480	410-228-3380
Frederick County	301-631-2313	301-694-1961	301-815-5350
Garrett County	301-334-7470	301-334-1937	301-334-1950
Harford County	410-638-3366	410-638-3245	410-836-4800
Howard County	410-313-2455	410-313-5850	410-480-7940
Kent County	410-778-7423	410-778-7414	410-778-7447
Montgomery County	240-777-6300	240-777-9460	301-279-1355
Prince George's County	301-883-5784	301-952-3330	301-952-2500

	Local Permit Information	**Local Business Licenses (Clerks of the Circuit Court)**	**Local Assessments and Taxation Offices**
Queen Anne's County	410-758-4088	410-758-1773	410-819-4160
St. Mary's County	301-475-4200, ext. 1560	301-475-4567	301-880-2900
Somerset County	410-651-1424	410-651-1555	410-651-0868
Talbot County	410-770-6840	410-822-2611	410-819-5920
Washington County	240-313-2460	301-733-8660	301-791-3050
Wicomico County	410-548-4810	410-543-6551	410-713-3560
Worcester County	410-632-1200	410-632-5500	410-632-1196

Source: State Department of Assessments and Taxation, Office of the Comptroller of Maryland, and County Web Sites

Appendix 2. Department of Natural Resources Service Centers

Annapolis Metropolitan Area

Annapolis Service Center
580 Taylor Avenue
Annapolis, Maryland 21401
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-260-3220
Toll Free in Maryland: 866-344-8889
Email: awilson@dnr.state.md.us

Central Maryland (Belair)

Central Service Center
2 S. Bond Street
Bel Air, Maryland 21014
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-836-4550
Toll Free in Maryland: 866-623-3187
Email: MMaccubbin@dnr.state.md.us

Central Maryland (Baltimore)

Dundalk Service Center
7701 Wise Avenue
Baltimore, Maryland 21222
Hours of Operation: MWF 8:30am - 4:30pm
Tel: 410-284-1654
Email: pmthrower@dnr.state.md.us

Eastern Maryland

Eastern Service Center
201 Baptist Street #22
Salisbury, Maryland 21801
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-713-3840
Toll Free in Maryland: 866-812-1678
Email: nmorris@dnr.state.md.us

East Central Maryland

East Central Service Center
120 Broadway Avenue
Centreville, Maryland 21617
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-819-4100
Toll Free in Maryland: 866-439-1708
Email: mmyers@dnr.state.md.us

Southern Maryland

Southern Service Center
6904 Hallowing Lane
Prince Frederick, Maryland 20678
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-535-3382
Toll Free in Maryland: 866-688-3823
Email: mford@dnr.state.md.us

Western Maryland

Western Service Center
3 Pershing Street, Room 103
Cumberland, Maryland 21502
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 301-777-2134
Toll Free in Maryland: 866-679-0906
Email: ltrabing@dnr.state.md.us

Source: Department of Natural Resources

Appendix 3. Local Health Departments

Allegany County
Health Officer
P.O. Box 1745
12501-03 Willowbrook Road, SE
Cumberland, Maryland 21501-1745
Phone: 301-759-5000
Fax: 301-777-5674
www.alleganyhealthdept.com

Anne Arundel County
Health Officer
Health Services Building
Three Harry S. Truman Parkway
Annapolis, Maryland 21401
Phone: 410-222-7375
Fax: 410-222-7294
www.aahealth.org

Baltimore City
Commissioner of Health
210 Guilford Avenue, 3rd Floor
Baltimore, Maryland 21202
Phone: 410-396-4398
Fax: 410-396-1571
www.baltimorecity.gov/government/health/index.html

Baltimore County
Health Officer
Drumcastle Government Center
6401 York Road, 3rd Floor
Baltimore, Maryland 21212-2130
Phone: 410-887-3740
Fax: 410-377-4751
www.baltimorecoutymd.gov/agencies/health/index.html

Calvert County
Health Officer
Health Department
975 Solomon's Island Road, North
P.O. Box 980
Prince Frederick, Maryland 20678-0980
Phone: (410) 535-5400
Fax: (410) 535-5285
www.calverthealth.org

Caroline County
Health Officer
403 South 7th Street
P.O. Box 10
Denton, Maryland 21629-0010
Phone: 410-479-8030
Fax: 410-479-0544
www.carolinehd.org

Carroll County
Health Officer
P.O. Box 845
290 South Center Street
Westminster, Maryland 21158-0845
Phone: 410-876-2152
Fax: 410-876-4988
www.carrollhealthdepartment.dhmh.md.gov

Cecil County
Health Officer
John M. Byers Health Center
401 Bow Street
Elkton, Maryland 21921-5515
Phone: 410-996-5550
Fax: 410-996-5179
www.cecilcountyhealth.org

Charles County
Health Officer
4545 Crain Highway
P.O. Box 1050
White Plains, Maryland 20695-1050
Phone: 301-609-6900
Fax: 301-934-4632
www.charlescountyhealth.org

Dorchester County
Health Officer
Three Cedar Street
Cambridge, Maryland 21613-2362
Phone: 410-228-3223
Fax: 410-228-9319
www.dorchesterhealth.org

Frederick County
Health Officer
350 Montevue Lane
Frederick, Maryland 21702
Phone: 301-694-1029
Fax: 301-631-3111
www.frederickhealth.org

Garrett County
Health Officer
1025 Memorial Drive
Oakland, Maryland 21550
Phone: 301-334-7777
Fax: 301-334-7701
www.garretthealth.org

Harford County
Health Officer
P.O. Box 797
119 Hays Street
Bel Air, Maryland 21014-0797
Phone: 410-879-8322
Fax: 410-879-6823
www.harfordcountymd.gov/health

Howard County
Health Officer
Gateway Building
6751 Columbia Gateway Drive
Columbia, Maryland 21046
Phone: 410-313-6300
Fax: 410-313-6303
www.hchealth.org

Kent County
Health Officer
Box 359
125 South Lynchburg Street
Chestertown, Maryland 21620-0359
Phone: 410-778-1350
Fax: 410-778-6119
www.kenthd.org

Montgomery County
Health Officer
401 Hungerford Drive, 5th Floor
Rockville, Maryland 20850
Phone: 240-777-1245
Fax: 240-777-1494
www. montgomerycountymd.gov/hhstmpl.
asp?url=/content/hhs/index.html

Prince George's County
Health Officer
1701 McCormick Drive, Suite 200
Largo, Maryland 20774
Phone: 301-883-7834
Fax: 301-883-7896
www.co.pg.md.us/government/agencyindex/
health/index.asp

Queen Anne's County
Health Officer
206 North Commerce Street
Centreville, Maryland 21617
Phone: 410-758-0720
Fax: 410-758-2838
www.qahealth.org

St. Mary's County
Health Officer
P.O. Box 316
21580 Peabody Street
Leonardtown, Maryland 20650-0316
Phone: 301-475-4377
Fax: 301-475-4350
www.smchd.org

Somerset County
Health Officer
7920 Crisfield Highway
Westover, Maryland 21871
Phone: 443-523-1700
Fax: 410-651-5680
www.somersethd.org

Talbot County
Health Officer
100 South Hanson Street
Easton, Maryland 21601
Phone: 410-819-5600
Fax: 410-819-5690
www.talbothealth.org

Washington County
Health Officer
1302 Pennsylvania Avenue
Hagerstown, Maryland 21742
Phone: 240-313-3200
Fax: 240-313-3301
www.washhealth.org

Wicomico County
Health Officer
108 East Main Street
Salisbury, Maryland 21801
Phone: 410-749-1244
Fax: 410-543-6975
www.wicomicohealth.org

Worcester County
Health Officer
6040 Public Landing Road
P.O. Box 249
Snow Hill, Maryland 21863-0249
Phone: 410-632-1100
Fax: 410-632-0906
www.worcesterhealth.org

Source: Local health department web sites and www.dhmh.state.md.us/html/org-lhd.htm

Appendix 4. Retail License Issuing Authorities and Liquor Control Boards

Retail License Issuing Authorities

Allegany County
Board of License Commissioners
701 Kelly Road, Room 202
Cumberland, Maryland 21502
Phone: 301-724-6485
Fax: 301-777-2001

Annapolis (City of)
Alcoholic Beverage Control Board
Municipal Building, Room 102
160 Duke of Gloucester Street
Annapolis, Maryland 21401
Phone: 410-263-7942
Fax: 410-280-1853

Anne Arundel County
Board of License Commissioners
94 Franklin Street
Annapolis, Maryland 21401
Phone: 410-222-1148
Fax: 410-222-1810

Baltimore (City of)
Board of Liquor License Commissioners
10 South Street, Suite 200
Baltimore, Maryland 21202
Phone: 410-396-4377
410-396-4385
Fax: 410-396-4382

Baltimore County
Board of Liquor License Commissioners
County Office Building
111 W. Chesapeake Avenue, Room G14
Towson, Maryland 21204
Phone: 410-887-3191
Fax: 410-887-3970

Calvert County
Liquor Board
Calvert County Court House
175 Main Street
Prince Frederick, Maryland 20678
Phone: 410-535-1600, ext. 2306
Fax: 410-535-1787

Caroline County
Board of License Commissioners
Health and Public Service Building
403 South Seventh Street, Suite 210
Denton, Maryland 21629
Phone: 410-479-8100
Fax: 410-479-4187

Carroll County
Board of License Commissioners
County Office Building
225 North Center Street, Room 113
Westminster, Maryland 21157
Phone: 410-386-2094

Cecil County
Liquor Board
129 East Main Street, Suite 105
Elkton, Maryland 21921
Phone: 410-996-5215
Fax: 410-996-1172

Charles County
Board of License Commissioners
Government Building
P.O. Box 2150
La Plata, Maryland 20646
Phone: 301-645-0555 (Maryland)
301-870-2260 (DC Area)
Fax: 301-645-0515

Dorchester County
Board of License Commissioners
County Office Building
P.O. Box 107
Cambridge, Maryland 21613
Phone: 410-228-3234
Fax: 410-228-1563

Frederick County
Liquor Board
8 East 2nd Street, Suite 100
Frederick, Maryland 21701
Phone: 301-694-1156
Fax: 301-631-3500

Garrett County
Board of License Commissioners
Old Court House, Room 105
313 E. Alder Street
Oakland, Maryland 21550
Phone: 301-334-1925
Fax: 301-334-5022

Harford County
Liquor Control Board
16 North Main Street
Bel Air, Maryland 21014
Phone: 410-879-6370
Fax: 410-638-4970

Howard County
Board of License Commissioners
George Howard Building
3430 Court House Drive
Ellicott City, Maryland 21043
Phone: 410-313-2008
Fax: 410-313-3298

Kent County
Board of License Commissioners
Government Center
400 High Street
Chestertown, Maryland 21620
Phone: 410-778-7451 or 7435
Fax: 410-778-7482

Montgomery County
Board of Liquor License Commissioners
16650 Crabbs Branch Way, Room 203
Rockville, Maryland 20855-2297
Phone: 240-217-1999
Fax: 240-777-1991

Prince George's County
Board of License Commissioners
County Service Building, Room 204
5012 Rhode Island Avenue
Hyattsville, Maryland 20781
Phone: 301-699-2770
Fax: 301-985-3548

Queen Anne's County
Board of License Commissioners
160 Coursevall Drive
Centreville, Maryland 21617
Phone: 410-758-3133
Fax: 410-758-8473

St. Mary's County
Alcohol Beverage Board
P.O. Box 653
41650 Tudor Hall Road
Leonardtown, Maryland 20650
Phone: 301-475-7844, ext. 1600
Fax: 301-475-3364

Somerset County
Board of License Commissioners
P.O. Box 74
Princess Anne, Maryland 21853
Phone: 410-651-0440
Fax: 410-651-9026

Talbot County
Board of Liquor License Commissioners
11 N. Washington Street
Easton, Maryland 21601
Phone: 410-770-8019
Fax: 410-770-8013

Washington County
Board of License Commissioners
148 W. Washington Street
Hagerstown, Maryland 21740
Phone: 301-797-4591
Fax: 301-797-4599

Wicomico County
Board of License Commissioners
201 East Market Street, Suite 112
P.O. Box 78
Salisbury, Maryland 21803-0078
Phone: 410-548-4835
Fax: 410-548-4374

Worcester County
Board of License Commissioners
Government Center
1 W. Market Street, Room 1201
Snow Hill, Maryland 21863-1070
Phone: 410-632-1908, ext. 1120
Fax: 410-632-3008

Liquor Control Boards

Garrett County
Liquor Control Board
Court House, Room 105
313 E. Alder Street
Oakland, Maryland 21550
Phone: 301-334-1925

Montgomery County
Department of Liquor Control
16650 Crabbs Branch Way, Room 203
Rockville, Maryland 20855-2297
Phone: 240-777-1900
Fax: 240-777-1962

Somerset County
Liquor Control Board
11754 South Somerset Avenue
Princess Anne, Maryland 21853
Phone: 410-651-0588
Fax: 410-651-3857

Wicomico County
Liquor Control Board
809 S. Salisbury Boulevard
Salisbury, Maryland 21801
Phone: 410-749-5721
Fax: 410-632-3010

Worcester County
Liquor Control Board
5363 Snow Hill Road
Snow Hill, Maryland 21863
Phone: 410-632-1250

Source: Office of the Comptroller, Alcohol and Tobacco Tax Unit

Appendix 5. State Highway Administration – District Engineer Offices

District	Counties	Location
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: 301-513-7300
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 Vocke 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

District	Counties	Location
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 Website: www.ci.baltimore.md.us/government/transportation/index.html

Source: Department of Legislative Services

Note: Directions and maps for each SHA district office location are available at www.sha.state.md.us.

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Board of Barbers 213
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Board of Cosmetologists 213
Board of Dental Examiners 157
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Board of Docking Masters 223
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Board of Physicians 159
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