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BUSINESS REGULATION IN MARYLAND

Business Regulation in Maryland

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Foreword

The State of Maryland has over 115,000 firms that employ approximately 2 million workers. Approximately 500,000 additional workers are employed by federal, State, and local governments. With some of these firms having more than one establishment (a physical location), there are over 141,000 business establishments in the State. Maryland's location near the nation's capital and in the center of the Boston-to-Atlanta corridor makes the State an excellent market for goods and services.

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

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

This is the seventh of nine volumes of the 2010 Legislative Handbook Series prepared by the staff of the Office of Policy Analysis, Department of Legislative Services before the 2010 General Assembly term. The material for this volume was researched and written by Jennifer Chasse, Cristen Flynn, Andrew Gray, Andrew Johnston, Andrew Lantner, Amanda Mock, Judith Markoya, Marie Razulis, Dave Smulski, Jody Sprinkle, David Stamper, Theresa Tuszynski, Sarah Volker, Michael Vorgetts, Joshua Watters, Jason Weintraub, and Erica White under the general direction of Tami Burt and Linda Stahr. Theresa Silkworth prepared the manuscript and Lesley Cook, Simon Powell, and Robert Smith assisted with editing.

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

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

Annapolis, Maryland
September 2010

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Introduction
The Economic Climate in Maryland

Overview

The U.S. economy has been in a recession since December 2007. The collapse of a significant housing bubble throughout much of the country and the resulting financial crisis in the fall of 2008 sent the economy into its sharpest contraction since the Great Depression. Dubbed the "Great Recession," U.S. employment fell 6.1% from December 2007 to December 2009 for a loss of 8.4 million jobs. The unemployment rate rose from 4.4% in May 2007 to 10.1% in October 2009, not quite reaching the peak unemployment rate of 10.8% in the early 1980s recession. The significant job losses had a sharp impact on income. Total personal income fell 1.8% in calendar 2009, the first annual decline in nominal income since 1949. Nominal wage and salary income dropped 4.1%, the first decline since 1954. Adjusted for inflation, however, both total personal income and wage and salary income fell in calendar 2008 as weak nominal growth was combined with the strongest inflation in 17 years. In response, consumers cut back sharply and consumer spending, adjusted for inflation, fell in both calendar 2008 and 2009. This was the first decline in consumer spending since 1980 and the first back-to-back declines in the entire series going back to the 1940s.

Although an official end has not been determined, most economists believe the recession ended in the summer of 2009. Gross domestic product (GDP) peaked in the second quarter of 2008, helped by government stimulus checks that were mailed out in the spring. The economy then contracted for the next four quarters for a total decline of 3.8%. The string of declines was broken in the third quarter of 2009 as GDP advanced 2.2% at an annualized rate. The economy continued to grow in the subsequent quarters although it remains 1.3% below the peak as of the first quarter of 2010. Consumer spending rose on a year-over-year basis in both the fourth quarter of 2009 and the first quarter of 2010. The labor market has also seemingly turned the corner. The unemployment rate had declined to 9.5% by June 2010. From December 2009 to June 2010 the U.S. economy added 882,000 jobs.

Despite the positive news, the recovery remains tentative. Of the jobs gained since December 2009, almost 44% were in the federal government and many of those were temporary jobs to support the decennial census. The unemployment rate has declined from the peak but has remained above 9% since the beginning of 2010. New claims for unemployment insurance have fallen since the spring of 2009 when they were running over 600,000 per week. But a year later, new claims were still well over 400,000 per week, a level not consistent with substantial job growth.

While the recession in Maryland has been less severe than the nation as a whole, it is still the worst economic contraction the State has experienced since the recession of the early 1990s. Employment in Maryland peaked in February of 2008 and fell over the next two years by a total of 5.3% or around 139,000 jobs. Since the point of comparison here is February 2010, a month that included two significant snow storms, the drop in employment maybe somewhat overstated. The total decline as of January 2010 was 4.8% or almost 127,000 jobs. By either measure, the decline in employment is on par with the experience in the early 1990s recession which saw a total peak-to-trough decline of 5.0%.

The unemployment rate in Maryland increased from a low of 3.5% in January 2008 to 7.7% in March 2010, the highest level since April 1983. The impact of the shrinking labor market on income was significant. Total personal income went from growth of over 6% in calendar 2006 to an increase of just 0.8% in 2009 (see Exhibit I.1). Nominal wage and salary income fell 0.5% in 2009, the first decline since 1954. Adjusted for inflation, both total income and wage and salary income fell in calendar 2008 for the first time since 1991.

Exhibit I.1
Maryland Economic Growth
Calendar 2005-2010
Year-over-year Percentage Change

	2005	2006	2007	2008	2009	2010-Q1	2010-Jan-May
Employment	1.5%	1.3%	0.7%	-0.3%	-3.1%	-2.1%	-1.4%
Personal Income	5.6%	6.4%	4.6%	3.1%	0.8%	2.7%	N/A
Wage and Salary Income	5.6%	5.7%	5.1%	2.4%	-0.5%	1.1%	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

As of May 2010, the Maryland economy had added almost 51,000 jobs since the bottom in February 2010, an increase of 2.0%. But since February employment was most likely depressed by the bad weather, this may exaggerate the improvement in the labor market. Compared to January, May employment was up by almost 38,000 jobs or 1.5%. Initial claims for unemployment insurance have fallen but remain only slightly below year ago levels. Income growth accelerated significantly in the first quarter of 2010. After growing just 0.8% in calendar 2009, total personal income grew 2.7% in the first quarter. Wage and salary income was up 1.1%, the first year-over-year increase since the

end of 2008. The business income of individuals was up for the first time since the end of 2006, rising 3.2% in the first quarter.

Employment

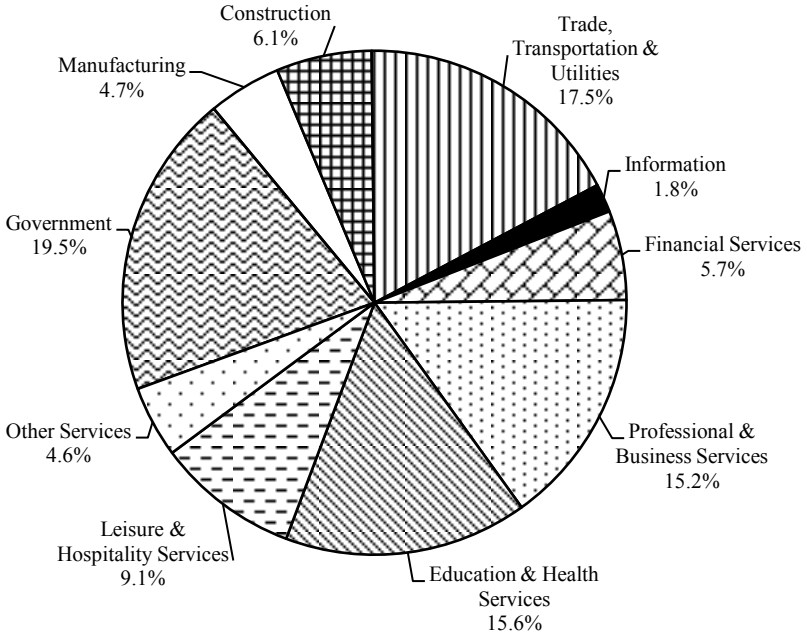
The Maryland nonagricultural labor market in calendar 2009 included approximately 2.5 million jobs. Exhibit I.2 depicts the percentage of total employment by industry sector in calendar 2009. Exhibit I.3 shows the average annual workforce growth rates by industry sector for the 2005-2007 period, the 2007-2009 period, and the year-to-date growth in 2010 relative to the same period in 2009.

With the State's proximity to Washington, DC, government accounts for a larger percentage of total employment than it does in other states (19.5% versus 17.2% nationally). The government share of total employment is up significantly from the calendar 2005 share of 18.2% which was the lowest it had been since the late 1960s. This reflects the impact of the recession as private-sector employment in calendar 2009 remained below the calendar 2005 level by almost 3.0% or about 62,000 jobs. By contrast, government employment in calendar 2009 was 5.7% above calendar 2005 or almost 27,000 jobs.

While federal employment attracts a lot of attention, half of all government jobs in Maryland are with local governments, including local school systems. The government sector grew 1.3% from calendar 2005 to 2007 with substantial growth in local jobs (2.7%) and a small increase in State jobs (0.2%) offsetting a drop in federal employment. Since calendar 2007, Maryland has experienced the strongest growth in federal employment since the 1980s. State government jobs have increased modestly while local government jobs fell in calendar 2009, the first annual decline since 1992. For the first five months of 2010, government employment is down 0.2%. Federal employment continues to grow strongly thanks in part to temporary hiring for the decennial census. But this has not been enough to offset declines in both State and local jobs.

The manufacturing sector has been in a long period of declining employment in Maryland. In 1990, there were 200,000 manufacturing jobs in the State, representing 9.2% of all jobs. By the end of 2005, manufacturing employment had fallen to 139,000 or 5.5% of total jobs. As often happens during recessions, manufacturing was one of the hardest hit industries. Between calendar 2007 and 2009, Maryland lost about 13,500 manufacturing jobs, a decline of 10.3%. With 118,600 jobs, manufacturing represented just 4.7% of total employment in calendar 2009. In the first part of 2010, the sector has continued to contract with employment down 4.1% or just under 5,000 jobs compared to 2009. But by the spring of 2010, manufacturing employment had shown some early signs of stabilizing with even some small month-to-month increases.

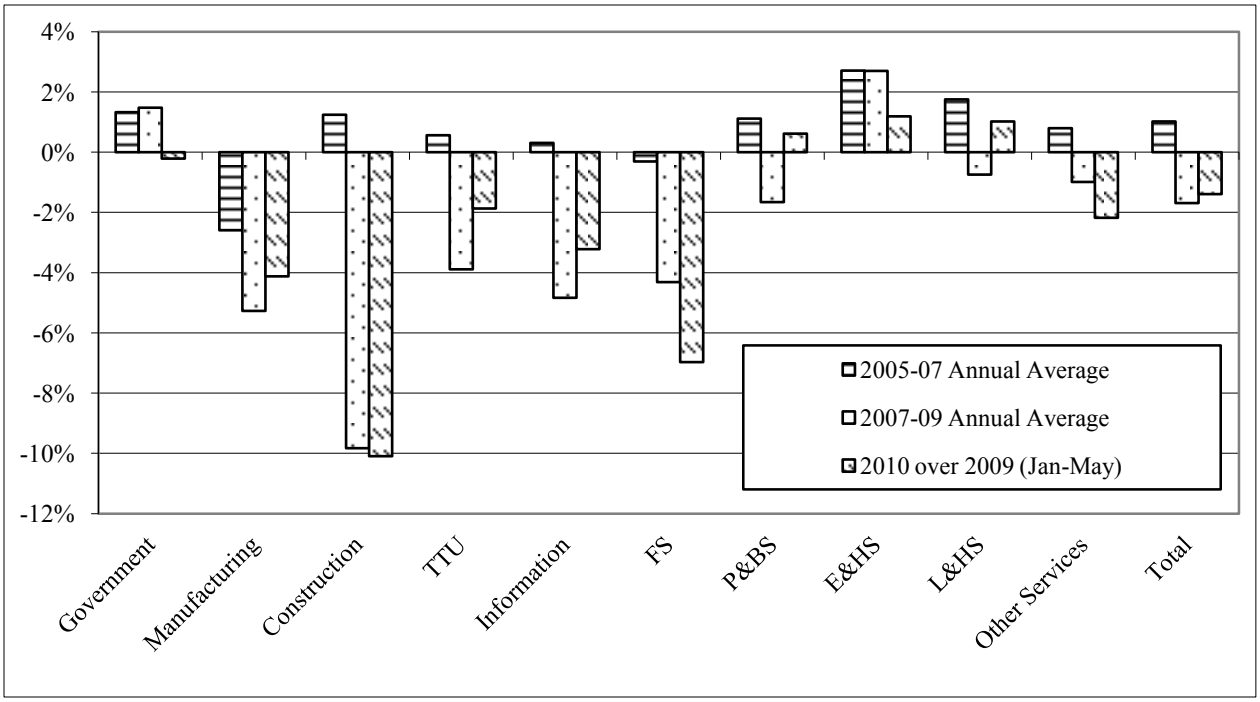
Exhibit I.2
Maryland Nonagricultural Employment by Industry Sector
Percentage of Total
Calendar 2009



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

Construction, like manufacturing, is often a sector hard hit by recessions. But during the 2001 recession, construction employment continued to grow as the nascent housing boom helped pull the State out of that recession. In the first half of the decade, construction employment increased by 15.1% or 24,300 jobs, rising from 6.6% of total jobs in calendar 2000 to 7.3% in calendar 2005. Even though the housing market peaked in 2005 and home sales began to fall sharply in 2006, construction employment continued to grow in 2006 and fell only slightly in 2007. A decline of 5.2% in 2008 was followed by a plunge of 14.3% in 2009. By calendar 2009, construction employment stood at 154,000 jobs or 6.1% of total jobs in Maryland. After falling by more than half between calendar 2005 and 2008, sales of existing homes in the State grew 10.8% in calendar 2009. In the first part of 2010, home sales were up almost 31% over the same period in 2009 and residential building permits were up about 10%. Thus by the spring of 2010, construction employment had stabilized and even began to increase on a month-to-month basis.

Exhibit I.3
Maryland Nonagricultural Employment by Industry Sector
Growth Rates: Calendar 2005-2010



Note: Trade, Transportation, and Utilities (TTU); Financial Services (FS); 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 trade, transportation, and utilities (TTU) sector is the largest in Maryland's private economy, accounting for almost 17.5% of total employment in calendar 2009 (439,900 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 275,900 jobs in calendar 2009. Employment in the TTU sector fell 7.6% or by 36,200 jobs during the recession (2007-2009) with all subsectors declining except utilities. In the early part of 2010, the sector remains below year ago levels by about 1.9%, but there have been some employment gains since December 2009.

The information sector is the smallest, accounting for just 1.8% of all jobs. During the 2001 recession, this sector was hit very hard as massive investment in telecommunications was one of the defining characteristics of the late 1990s economic

expansion. Employment in the information sector peaked in calendar 2000 at 58,500 jobs and fell for the next four years bottoming out in calendar 2004 at 50,000 jobs, a decline of 14.5%. There was almost no employment growth in the sector during the middle part of the decade. By calendar 2007, information employment had increased by just 1.6% from the bottom in calendar 2004, a gain of around 800 jobs. Growth among telecommunications companies was offset by jobs cuts in the rest of the sector – publishing, broadcasting (television and radio), film, and various Internet and data processing services. During the recession, the information sector shed close to 5,000 jobs.

The financial services sector includes a number of industries that are closely tied to the housing market like mortgage brokers and real estate agents. As a result, the sector experienced strong growth during the early to middle part of the decade as the housing boom took off. But as with construction, employment fell significantly during the recession. Total financial services employment fell by 8.4% or 13,300 jobs between calendar 2007 and 2009. Most of the jobs losses were in real estate (4,900 jobs or 10.2%) and nondepository credit intermediation (6,300 jobs or 23.7%). The insurance industry saw only a slight decline in employment from calendar 2007 to 2009 while other financial services, consisting primarily of security brokers, grew very slightly (0.5% or 83 jobs). In calendar 2009, 5.7% of all jobs were in the financial services sector.

Professional and business services is a broad category that includes legal, advertising, accounting and architectural firms, computer systems design, and 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. In Maryland in calendar 2009, 15.2% of all jobs were in this sector compared with 12.7% of jobs nationally. During the recession, employment in professional and business services fell 3.3%, a decline of 13,000 jobs. Most of the job loss was accounted for by temporary employment companies which slashed 12,350 jobs or almost 25% of their workforce. Some subsectors continued to grow during the recession like computer systems design, management consulting, and scientific research and development services. In the first five months of 2010, the sector has seen an increase of 0.6% or 2,300 jobs compared to the same period in 2009. Growth in professional services has offset the continuing decline among temporary employment companies.

The education and health services sector has long been a source of steady growth and stability for Maryland's economy. There were almost 394,000 jobs in this sector in calendar 2009 accounting for 15.6% of total jobs in the State. When the decade began, education and health services accounted for 12.6% of all jobs. Nationally, 14.7% of all jobs were in education and health services in calendar 2009. About 81% 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% of the sector. During the recession (2007-2009), the State added 20,400 health and education jobs, an increase of 5.5%. Employment growth did not slow at all relative to the period leading up to the recession (2005-2007). In the first part of 2010, growth has slowed to 1.2% (4,700 jobs) over the same period in 2009. Employment in education declined slightly in the first five months of 2010, down 0.7% or 480 jobs.

Leisure and hospitality services consist of hotels, restaurants, bars, and various entertainment venues like movie theaters, golf courses, and amusements parks. With 231,000 jobs in calendar 2009, the sector accounts for about 9.1% of total employment. Restaurants and bars make up almost 75% of the category (172,000 jobs) and provided significant job growth in the years prior to the recession. During the recession, the leisure and hospitality sector experienced the smallest decline among contracting industries. From calendar 2007 to 2009, employment in the sector fell by 1.5% or 3,400 jobs. The hotel industry actually saw a small increase in employment between 2007 and 2009 with the significant decline in 2009 (-4.9%), not quite offsetting strong growth in 2008 (+5.6%). In the first five months of 2010, employment in the sector was up 1.0% or 2,300 jobs with most of the growth coming in restaurants and bars.

The "other services" sector is the second smallest category representing 4.6% of total employment in 2009 with almost 116,000 jobs. Around one-third 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 29% of the sector. The rest of the category is comprised of personal services including laundries, dry cleaning, hair salons, funeral parlors, and parking lots and garages. The other services sector grew slowly during the economic expansion, adding just 1,900 jobs from calendar 2005 to 2007 for growth of 1.6%. During the recession, the sector fell by a relatively modest 2.0% or 2,300 jobs.

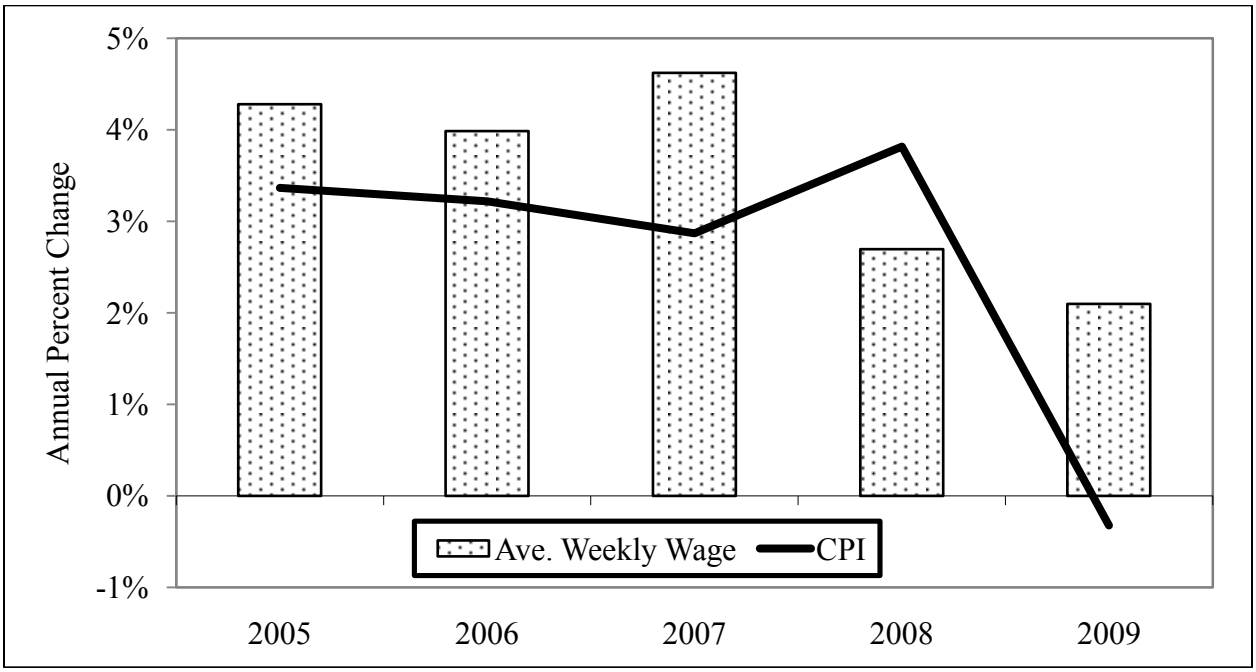
Income

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 5.4% during the 2005 to 2007 period. During the recession, (2007-2009), growth slowed dramatically to just 0.9%. In calendar 2009, wage and salary income fell 0.5%, the first decline in nominal wages since 1954. In the first

quarter of 2010, growth accelerated somewhat, increasing by 1.1% over the first quarter of 2009.

There are two factors behind wage and salary earnings growth: the number of jobs and the level of wages. Wage growth is measured by the average weekly wage per worker which is simply the total wage and salary income divided by the total number of jobs divided by 52 weeks. Wage growth averaged 4.3% from calendar 2005 to 2007 but slowed to 2.4% during the recession (2007-2009). Average wage growth has exceeded inflation (CPI) throughout this entire period (see Exhibit I.4) with the exception of calendar 2008. In calendar 2008, the average wage grew more slowly than inflation which means that the real (inflation-adjusted) wage declined, in this case by 1.1%.

Exhibit I.4
Growth in Wages vs. Inflation (CPI)
Calendar Year-over-year Percentage Change
Calendar 2005-2009



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 recession that began in December 2007 was the longest and deepest in the post-World War II period. Although not officially over, most economists believe the recession ended in the summer of 2009. The U.S. economy has grown for three consecutive quarters, from the third quarter of 2009 to the first quarter of 2010. After falling two years in a row, consumer spending, adjusted for inflation, increased by 2.0% in the first five months of 2010. Existing home sales, which fell for three straight years, grew by 5.4% in calendar 2009 and are up 15.4% in the first part of 2010. And from December 2009 to June 2010, the economy added 882,000 jobs. While a significant portion of those jobs were in the federal government, private-sector payrolls have increased by 594,000 jobs since the end of 2009 with growth in all major sectors except construction, information services and financial activities.

Despite the improvements, the economic recovery remains tentative and fragile. The housing and labor markets in particular continue to struggle. The gains in the housing market have been supported by government policy, particularly the first time home buyers tax credit. With the credit over, most economists expect home prices to resume their decline. Foreclosures and delinquencies remain a significant problem and government efforts at foreclosure mitigation have had only modest effects. In the labor market, the job gains in 2010 are a substantial improvement over the big losses in calendar 2009. But so far the employment gains have been small and not large enough to offset the natural growth in the labor force let alone make much of a dent in the 8 million jobs lost during the recession.

While the risks of the U.S. economy falling back into recession are generally considered low (20% to 25%), the recovery is expected to remain a slow, drawn out process. It is projected that the economy will not fully recover all of the jobs lost in the recession until late 2012 or early 2013. In other words, it is estimated to take five years just to return to the level of employment (about 138 million jobs) that existed in December 2007 when the recession began. With the population continuing to grow over this time period, the unemployment rate is, therefore, expected to remain high for years to come. The unemployment rate is not projected to reach the full-employment level of 5.5% until 2015.

Maryland has also experienced the beginnings of economic recovery. Employment is up 1.5% since January 2010, and the unemployment rate has fallen from 7.7% to 7.2% as of May 2010. Home sales are up and price declines have moderated. Vehicle sales are up for the first time in five years. But the headwinds that face the U.S. economy also impact Maryland, especially the foreclosure problems in the housing

market. As of the first quarter of 2010, 9.8% of all mortgage loans in Maryland were past due, slightly above the national level of 9.4%.

Under current forecasts, Maryland will not fully recoup the jobs lost during the recession until 2012. Helping to support the Maryland economy over the next several years is the Defense Department's Base Realignment and Closure plan (BRAC). Adopted in 2005, the plan is expected to bring around 20,000 direct jobs to Maryland at various installations around the State particularly Aberdeen Proving Ground in Harford County and Fort Meade in Anne Arundel County. These jobs are being transferred from military facilities in other states, largely New Jersey, Virginia, and the District of Columbia. While some of those jobs will move starting in summer 2010, the bulk of the jobs will transfer in 2011. Indirect and induced jobs resulting from the BRAC transfers will be a source of growth in the years beyond 2011.

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, and tax registration requirements applicable to them. A discussion of the laws that pertain to specific industries in Maryland is provided in subsequent chapters. In addition, the State Department of Assessments and Taxation has created a checklist of the requirements for starting a new business at: http://www.dat.state.md.us/sdatweb/checklist.html.

Forms of Business Organization

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

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

Limited Liability Partnership	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. In addition, effective October 1, 2010, a Maryland corporation may elect to be a benefit corporation, which must have as its purpose the creation of a general public benefit, by amending or including in its charter a statement that the corporation is a benefit corporation. 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 business trust or association in which property is acquired, held, managed, administered, controlled, invested, or disposed of for the benefit and profit of any person who is a shareholder in the real estate investment trust. To create a real estate investment trust, a declaration of trust must be filed for record with the State Department of Assessments and Taxation.

Statutory Trust

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

For further information contact:

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

Business Licenses

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

To determine whether a particular business activity requires licensing by the State or any other additional licenses and permits, the business may contact the clerk of the circuit court in the county in which the business will be located. Appendix 1 includes the telephone number of the clerk of the circuit court in each county and Baltimore City, as well as telephone numbers for local permit information. To obtain a license or license renewal, a business may first be required to obtain a Certificate of Status from the State Department of Assessments and Taxation that verifies that the business is in "good standing." Good standing means all documents and fees required by law to be submitted to the department have been received and that the department has received no notifications of delinquent tax payments. 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
Website: 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 also is charged for each amendment, cancellation, or renewal of a certificate.

Tax Registration

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

State Tax Registration

Completion of a single tax registration (the Combined Registration Application) will meet the requirements for most State taxes, including sales and use, 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. *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series further describes these taxes.

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

For further information contact:

Taxpayer Registration Assistance Center
301 West Preston Street, Room 206
Baltimore, Maryland 21201-2383
410-767-1300
Toll Free: 800-492-1751
Website: 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 telephone number of the local assessment and taxation office in each county and Baltimore City.

Federal Tax Registration

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

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

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

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

Fees

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

Domestic Corporations

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

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

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

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

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

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

Foreign Corporations

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

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

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

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

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

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

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

Limited Partnerships and Limited Liability Companies – Maryland Entities

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

Limited Partnerships and Limited Liability Companies – Foreign Entities

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

Real Estate Investment Trusts

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

Statutory Trusts – Maryland Entities

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

Statutory Trusts – Foreign Entities

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

Personal Property Tax

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

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

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

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

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

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

Employment Standards

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

Employment of Minors

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

A minor under the age of 14 may not be employed or permitted to work, but several activities, such as caddying and newspaper delivery, are exempted. Moreover, such minors may obtain a special permit to work as a model, performer, or entertainer. Minors age 14 through 17 are issued work permits, and employers must have these permits in their possession before these minors are allowed to work. Applications for work permits are available in most high schools throughout Maryland and on the Department of Labor, Licensing, and Regulation's website. The responsibility for issuance of work permits is shared between school superintendents of each jurisdiction and the Division of Labor and Industry. The procedures for issuance were modified and web-enabled during fiscal 2007. The Division of Labor and Industry issued 39,077 work permits in calendar 2009.

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.

Equal Pay for Equal Work

The Maryland Equal Pay for Equal Work Law prohibits employers from discriminating against employees by paying wages to employees of one sex at a rate less than that paid to employees of the opposite sex for work of comparable character or work on the same operation or business. Wages may lawfully vary based on a nondiscriminatory seniority system, a nondiscriminatory merit system, 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 establishes the minimum wage rate and requires payment for overtime. An employer may be covered by the federal Fair Labor Standards Act, the Maryland Wage and Hour Law, or both. Furthermore, employers in Baltimore City 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 or the higher federal minimum wage. Effective July 24, 2009, the federal minimum wage exceeds the State minimum wage at $7.25 per hour. 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, which may be equal to 50% of the minimum wage. For all hours worked in excess of 40 hours in any one work week, employees receive time-and-one-half 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.

Wage Payment and Collection

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

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

Flexible Leave Act

Effective October 1, 2008, the Maryland Flexible Leave Act (Chapter 644 of 2008) authorizes employees of employers with 15 or more individuals to use "leave with pay" for an illness in the employee's immediate family which includes a child, spouse, or parent. Chapter 560 of 2009 clarifies the definitions of "child" and "parent" and that such leave may only be taken for children under the age of 18 or adult children who are incapable of self-care by reason of disability. Leave with pay is considered time away from work for which an employee is paid and includes sick leave, vacation time, and compensatory time. Chapter 560 also clarifies that an employee may only use leave with pay that has been earned and is available. Employees who earn more than one type of leave with pay may elect the type and amount of leave with pay to be used. An employee who uses leave with pay under this law is required to comply with the terms of any collective bargaining agreement or employment policy.

The Act, as clarified by Chapter 560, prohibits an employer from discharging, demoting, suspending, disciplining or otherwise discriminating against an employee or threatening to take any of these actions against an employee because the employee has taken authorized leave; opposed an unlawful practice; or made a change, testified, assisted, or participated in an investigation, proceeding or hearing related to the Flexible Leave Act. This law does not affect leave granted under the federal Family and Medical Leave Act of 1993 (FMLA). For information about FMLA, visit the U.S. Department of

Labor's Employment Standard Administration (Wage and House Division) website: http://www.dol.gov/esa/whd/fmla/index.htm.

Retail Employee Shift Breaks

Beginning on March 1, 2011, employees who work at retail establishments with 50 or more employees will be entitled to shift breaks. The provisions of Chapters 612 and 613 of 2010 only apply to employers who are either retail establishment businesses in the State or employers that own one or more retail establishment franchises with the same trade name. Wholesalers and restaurants are exempted from the Acts' provisions. Employees covered by collective bargaining agreements or employment policies that included shift breaks equal to or greater than those in the Acts are also excluded. Other exemptions include employees who are exempt from the overtime pay requirements of the Fair Labor Standards Act; work for State, county, or municipal governments; work in a corporate office or other office location; or work at least four hours at a single location with five or fewer employees.

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

Misclassification of Employees as Independent Contractors

When a company hires an employee, the company is responsible for paying half of that employee's Social Security and Medicare taxes, as well as premiums for workers' compensation insurance coverage and unemployment insurance taxes. Employers also withhold federal, State, and local income taxes from their employees' wages. By contrast, independent contractors pay all of their own Social Security and Medicare taxes and are responsible for paying income taxes in full. Independent contractors are not covered by workers' compensation insurance or unemployment insurance, nor do they receive overtime compensation or benefits such as health insurance. Further, employees are provided with labor protections, such as the wage laws. These laws do not apply to independent contractors. Employers save money by

avoiding the above overhead costs when workers are classified as independent contractors instead of employees.

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

For further information regarding employment standards, contact:

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

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. Subtitle 20 of the State Government Article 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 information about the federal Equal Employment Opportunity Commission, visit its website: http://www.eeoc.gov/.

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
Website: http://www.mchr.state.md.us/index.html

Prevailing Wage and Living Wage

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

Prevailing Wage

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

region. Second, the laws prevent contractors from undermining local employment by low-bidding on government contracts and/or importing workers at lower wages.

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

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.

Living Wage

Effective October 1, 2007, the Maryland Living Wage Law (Chapter 284 of 2007) requires contractors and subcontractors to pay a living wage to employees performing work on certain State service contracts in excess of $100,000 with certain exemptions. The Living Wage Section of the Prevailing Wage Unit administers and enforces the law. The Commissioner of Labor and Industry is required to adjust the wage rates based on the Consumer Price Index and to allow certain reductions to the wage rates. The wage rates and any adjustments are published on the division's website.

The living wage rates, as of September 2009, are $12.25 per hour for work performed in Tier 1 (Montgomery, Prince George's Howard, Anne Arundel, and Baltimore counties and Baltimore City) and $9.21 per hour for work performed in Tier 2 (any county in the State not included in the Tier 1 area). As of October 1, 2010, the living wage rates increase to $12.28 for Tier 1 and $9.23 for Tier 2. Failure to comply with the law may result in the assessment of penalty damages and payment of restitution to the appropriate employees.

For further information on prevailing wage or living wage contact:

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

Insurance Requirements

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

Workers' Compensation Insurance

All employers in Maryland are required to provide workers' compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications. After determination of a base or "average" rate by industry classification, with the base rate set (to cover claim losses) by an industry-wide rate-making organization (National Council of Compensation Insurers) and approved by the Maryland Insurance Administration, a qualifying employer's premium may be modified based on the firm's loss experience record when compared to the loss experience of similar firms in Maryland. The insurer also includes, as a portion of the premium, the insurer's overhead, other expenses, and a profit factor.

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

- insure with the Injured Workers' Insurance Fund – a State-created nonprofit self-supporting agency (also known as the insurer of last resort);

- insure with any insurance 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.

In Maryland, an injury is covered under workers' compensation if the harm suffered by the covered employee was by an accidental personal injury arising out of and in the course of covered employment. An employee has the responsibility of filing a claim with the commission. The commission processes and adjudicates claims. In fiscal 2009, 22,622 claims were filed with the commission of which 74 were fatalities; this is a 5.9% decrease in the number of filed claims from the previous year . Benefits are paid to injured employees by the employer (if the employer is self-insured) or the employer's workers' compensation insurer. For compensable injuries, workers' compensation benefits include wage replacement, medical treatment, death and funeral costs, and vocational rehabilitation expenses. Wage replacement benefits are based on the employee's average weekly wage and on the type of injury, as prescribed in the statute.

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

For further information contact:

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

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

Unemployment Insurance

Unemployment insurance provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to

work, available to work, and actively seeking work. Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the unemployment insurance system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

The administration of the unemployment insurance program is financed through employer taxes, as specified under the Federal Unemployment Tax Act (FUTA). The federal tax is 6.2% of the first $7,000 in wages paid to each employee. Employers receive credit of up to 5.4% for the taxes they pay under state unemployment compensation laws. The net tax (0.8%) collected by the federal government is used to finance state and federal administrative costs. The Maryland program is administered by the Division of Unemployment Insurance in the Maryland Department of Labor, Licensing, and Regulation with use of these federal funds.

Unemployment benefits paid to eligible persons generally are financed by contributions made by employers to the division which are deposited in the Maryland Unemployment Insurance 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 a particular tax rate for a calendar year based on its experience with unemployment, in relation to the experience of other employers, and the balance of the fund from the preceding September. Certain nonprofit organizations can opt to become self-insured under the program, reimbursing dollar for dollar any benefits paid to former employees.

Legislation enacted in 2005 eliminated the surtax that employers were required to pay if the fund balance was too low. New rates in a series of six tax tables also took effect under this law. Rates vary annually according to solvency of the fund. Accordingly, employers generally are required to make contributions to the fund based on the applicable tax rate in the table that is in effect for the calendar year and the taxable wages for the employers' covered employment. Taxable wages are defined as the first $8,500 earned by each employee in a calendar year. Depending on the calendar year, the total taxable wages of all employers generally range from approximately $17 to $19 billion.

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

during a calendar year when the fund balance has declined to an insolvent level due to a significant volume of benefit claims (the balance is less than 3% of the total taxable wages). Under Table F, employers pay $85 to $1,147.50 per employee.

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

Exhibit 2.1
Unemployment Insurance Tax Rates

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

Note: Unemployment Insurance Trust Fund (UIF)

Source: Department of Legislative Services

In calendar 2006, tax rates ranged from 0.6% to 9.0% (under Table B), as the balance of the fund (about $880 million at the end of September 2005) exceeded 4.5%, but was not in excess of 5% of the total taxable wages. In calendar 2007 and 2008, as the balance of the fund improved to over 5% of the total taxable wages (to about $1 billion at the end of September 2006 and 2007), tax rates ranged from 0.3% to 7.5% (under Table A). As the fund balance decreased to about $890 million at the end of September 2008 due to a high volume of benefit payments that resulted from the State's economy experiencing an extended period of high unemployment, rates from Table B were imposed in 2009. As the fund balance continued to decline to about $300 million at the end of September 2009 (the balance was less than 3% of the total taxable wages), employer tax rates imposed in calendar 2010 range from 2.2% to 13.50% (under Table

F). Since the fund balance dipped in March 2010 to a level that required temporary borrowing from the federal government (31 other states have also borrowed funds) and with the State's unemployment rate at 7.5% as of April 2010, it is anticipated that Table F will be in effect during calendar 2011. Under legislation passed in 2010, payment plans are available for employers.

Benefits are based on the amount of wages that the employee earned during the base period (the first four of the last five completed calendar quarters prior to the date the employee filed a claim). Effective March 1, 2011, under legislation enacted in Maryland in 2010 (Chapter 2), if a claimant does not qualify for benefits because of insufficient wages in the base period, an alternative base period may be used (the last four completed calendar quarters) to determine eligibility. Until legislation was enacted in Maryland in 2009 (Chapters 5 and 6) to extend benefits to part-time workers, claimants were generally eligible for benefits only if they were actively seeking full-time work. Effective October 3, 2010, the weekly benefit amount provided by Maryland law ranges from $25 to $430 under Chapters 287 and 288 of 2009. Under legislation passed in 2010, the minimum weekly benefit amount will increase to $50 effective March 1, 2012. The maximum duration that weekly benefits may be paid is 26 weeks. Benefits paid from the fund amounted to $1.07 billion in calendar 2009, as compared to $383.5 million in 2006, $433.3 million in 2007, and $785.5 million in 2008. A total of 416,300 initial claims were filed during 2009, whereas there were 202,999 initial claims filed in 2006, 222,155 in 2007, and 362,166 in 2008.

In addition to the benefits financed by employers, the federal government may also finance additional benefits paid to eligible persons. Due to the economic situation and the significant increases in the unemployment rates across the nation, claimants in Maryland are eligible for an additional 47 weeks of extended benefits under an emergency federal program known as Emergency Unemployment Compensation that ends November 28, 2010, unless further extended by Congress. Further, another temporary federal program provides claimants (who filed between February 2009 and May 31, 2010) an additional $25 per week through December 11, 2010.

Extensive information for employers and employees is available at www.mdunemployment.com.

For further information contact:

Division of Unemployment Insurance
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 508
Baltimore, Maryland 21201

Email: ui@dllr.state.md.us
Website: www.mdunemployment.com
Inquiry and Correspondence: 410–767–3246
Employer Information:
Baltimore area: 410–949–0033
Toll free: 800–492–5524
Claimant Information:
Baltimore area and out of state: 410–949–0022
Toll free inside MD: 800–827- 4839
For Maryland Relay: Dial 711

Miscellaneous Employment 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 Website: http://www.dllr.state.md.us/labor/wages/wagehrfacts.shtml
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 Website: http://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 Website: http://www.dllr.state.md.us/labor/mosh/
Workers' compensation insurance:	Workers' Compensation Commission 10 East Baltimore Street Baltimore, Maryland 21202-1641 410-864-5100 Toll Free: 800-492-0479 Website: http://www.wcc.state.md.us/
Unemployment insurance:	Office of Unemployment Insurance Department of Labor, Licensing, and Regulation 1100 North Eutaw Street, Room 501 Baltimore, Maryland 21201 410-767-2148 Toll Free: 800-827-4400 Website: http://www.dllr.state.md.us/employment/unemployment.shtml

Occupational Safety and Health Regulations

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

Occupational Safety and Health

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

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

MOSH Enforcement

MOSH's Enforcement Unit is responsible for ensuring that employers meet their duty under the Maryland Occupational Safety and Health Act to provide a safe and healthful workplace for employees. Trained safety inspectors and industrial hygienists conduct unannounced on-site inspections to identify hazardous conditions and secure their timely correction. The scheduling of these general schedule inspections, based on

total employment, lost workday cases, injury rates, and violation and inspection histories, is designed to impact those industries and workplaces with the highest proportion of hazards and violations. The unit also provides 24-hour response to, and conducts investigations of, fatalities, catastrophes, accidents, imminent danger situations, employee complaints, and professional referrals.

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

MOSH Outreach

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

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

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

Exhibit 2.2 shows the Maryland MOSH's activities for calendar 2009. In calendar 2009, more than 1,500 enforcement inspections and interventions were conducted across the State.

Exhibit 2.2
Maryland Occupational Safety and Health Activities
Calendar 2009

Number of hazards abated in all construction Standard Industrial Classifications (SICs)	2,532
Number of employees removed from exposure in construction SICs	10,604
Number of hazards abated in all manufacturing SICs	2,041
Number of employees removed from manufacturing SICs	23,416
Number of individuals attending safety and health seminars	6,913
Percent of individuals who rate overall services received satisfactory	91%
Number of consultation visits conducted	252
Percent of employers who rate consultation services received as satisfactory	100%

For further information contact:

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

Safety Inspections

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

Amusement Ride Safety

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

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

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

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

The division inspected 4,031 amusement rides in calendar 2008, and 5,268 in calendar 2009.

For further information contact:

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

Elevator and Escalator Safety

The Elevator and Escalator Safety Inspection Program is responsible for ensuring that all elevator units operating in Maryland are tested and inspected in accordance with Maryland law and regulations. State inspectors perform inspections on newly installed

and publicly owned elevator units. State inspectors also perform accident and complaint investigations. Owners of private elevator units must hire an authorized third-party qualified elevator inspector to perform the required periodic annual inspection. 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. State law requires that owners of elevator units operating in Maryland register with the division annually. State law also provides specific size requirements to accommodate a 6'8" rescue litter and requires certain actions with regard to smoking.

The program performed 17,219 total elevator inspections in calendar 2008 and 19,699 in calendar 2009. Elevator accident and complaint investigations totaled 62 in calendar 2008 and 60 in calendar 2009.

For further information contact:

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

Boiler and Pressure Vessel Safety

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

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

270 insurance company inspectors are authorized to conduct inspections in addition to inspectors on staff with the division. Owners who have obtained insurance coverage on their boilers or pressure vessels should expect their insurance company to conduct the necessary inspections. The unit conducted 8,554 boiler and pressure vessel inspections in calendar 2008 and 8,386 in calendar 2009. Private-sector insurance company inspectors conducted 20,646 boiler and pressure vessel inspections in calendar 2008 and 18,944 in calendar 2009.

For further information contact:

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

Chapter 3. Environmental Protection

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

The department has created a searchable online database that enables individuals to view permit application notices online. This database may be searched by address, zip code, company, or type of application.

For further information contact:

Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
410-537-3000
Toll Free: 800-633-6101

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

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

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

The permits, licenses, 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 approximately 12,000 registered or permitted sources of air emissions in calendar 2009; approximately 200 of these sources emit more than 95% of all pollutants emitted from stationary sources. In addition, numerous potential sources of lower levels of pollution are not required to be registered or permitted by the department. The department received 435 air quality complaints in calendar 2009.

Facility Permits and Approvals

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

Air Quality General Permit to Construct

An air quality general permit to construct is a generic permit issued to businesses that are similar in operation, equipment installation, and low-scale emissions characteristics. This one-time permit is required before construction, installation, or modification of equipment and does not require follow-up monitoring. General permits with standardized permit conditions have been established for businesses with perchloroethylene dry cleaning equipment, charbroilers, pit barbecues, small fuel burning

equipment, sheetfed nonheatset lithographic printing presses, small stationary gasoline storage tanks, groundwater air stripper/soil vapor extraction systems, vehicle refinishing, medium fuel burning equipment, and ready-mix concrete batch plants.

Air Quality Permit to Construct

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

New Source Review Approval

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

Prevention of Significant Deterioration Approval

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

State Permit to Operate

Operators of certain air pollution sources – those that have the greatest potential to cause air pollution (such as incinerators, large boilers, and some types of manufacturing equipment) – are required to obtain an annual operating permit. Such permits impose monitoring, recordkeeping, and reporting requirements on sources to ensure compliance.

Part 70 (Title V) Operating Permit

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

Occupational Licensing and Registration

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

Asbestos Contractor License

Businesses, contractors, and others engaged in any activity involving the disturbance of friable asbestos must apply for an asbestos contractor license. In calendar 2009, there were 96 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% to 30% of all asbestos projects in Maryland are subject to federal program requirements.

Asbestos Training Provider Approval

The administration has developed approval procedures to ensure that asbestos trainers meet certain standards. Persons who want to become a Maryland-approved training provider must apply for approval – 45 training provider approvals were issued in calendar 2009. The administration has approved criteria for seven initial training courses: worker, foreign language worker, supervisor, inspector, management planner, project designer, and operations and maintenance.

Asbestos Photo Identification Card

In order to identify those persons who are accredited to engage in asbestos-related occupations, an asbestos photo identification card is required. A person who satisfies the requirements of a Maryland-approved training course will be issued such a card.

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 issues two licenses for vehicle emissions inspection activities. The fleet inspection station license allows fleet owners to perform official emissions inspections on their vehicles. The master certified technician license is required for technicians who work at fleet inspection stations or at certified emissions repair facilities. The administration also certifies motor vehicle repair facilities that make emissions-related repairs. At the end of calendar 2009, there were 60 licensed fleet inspection stations, 348 certified technicians, and 150 certified emissions repair facilities.

Radiation/Radioactive Materials Registration and License

The administration performs a variety of regulatory activities relating to radiation facilities and radioactive materials, including (1) registering all facilities in which a radiation machine will be used and licensing all facilities that possess or use radioactive materials; (2) ensuring that all radiation machines in Maryland perform properly; (3) licensing individuals to inspect x-ray machines; and (4) registering x-ray machine service providers. At the end of calendar 2009, 617 facilities were licensed to handle various types of radioactive materials; 4,863 facilities were registered to operate radiation machines; and 77 x-ray machine inspectors were licensed.

Reciprocal Recognition of Out-of-state Radioactive Material License

As a U.S. Nuclear Regulatory Commission agreement state, Maryland is obliged to recognize a radioactive material license issued by the commission or by other states within the agreement to licensees with out-of-state facilities. The licensee must, however, meet procedural requirements for working in Maryland, obtain an authorization letter from the Radiological Health Program within the department, pay a reciprocity fee, and notify the Radiological Health Program immediately before and after working in the State. In calendar 2009, 51 out-of-state companies were recognized under reciprocity for work in Maryland.

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

Water Management

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

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

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

Water Quality

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

Surface Water Discharge Permit (Industrial and Municipal)

The surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for industrial and municipal facilities that discharge to State surface waters and is designed to meet federal effluent guidelines when applicable and ensure that the discharge satisfies State water quality standards. Among those requiring a municipal permit are cities, counties, federal facilities, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters. At the end of calendar 2009, 2,930 facilities in Maryland operated under a surface water discharge 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. The administration has established a general permit with standardized permit conditions for (1) stormwater associated with industrial activities; (2) seafood processors; (3) hydrostatic testing of tanks and pipes; (4) marinas; and (5) swimming pools and spas.

Pretreatment (Industrial)

Through the Pretreatment Program, the administration oversees 20 local pretreatment programs for 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 223 facilities were permitted in calendar 2009.

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 State Board of Waterworks and Waste Systems Operators seeks to ensure that the quality of water in which wastes are placed is regulated for the protection of public health and the prevention of pollution. A waterworks and waste system operator certification is required for operators and/or superintendents of water treatment plants, water distribution systems, wastewater treatment plants, wastewater collection systems, certain pretreatment facilities that discharge to sanitary sewers, and industrial wastewater facilities. By the end of calendar 2009, the board had certified 4,654 operators.

For further information, contact:

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

Permit for Stormwater Associated with a Construction Activity

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

Erosion/Sediment Control Plan Approval and Stormwater Management Plan Approval

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

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

Enforcing compliance with these plans is a significant effort; 13,414 sites or facilities were subject to inspection for sediment control or stormwater plan compliance in fiscal 2009, including 10,709 sites operating under a general permit for construction activity. Approximately 2,150 of these sites were inspected in fiscal 2009.

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 calendar 2009, the Engineering and Capital Projects Program issued 168 water and sewerage construction permits; 713 water and sewerage construction permits were in effect at the end of the calendar year.

Water Appropriation and Use Permit

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

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

At the end of calendar 2009, approximately 11,500 water appropriation permits were in effect. Approximately 600 permits are issued each year.

Drinking Water Laboratory Certification

A drinking water laboratory certification is required for both in-state and out-of-state laboratories that analyze drinking water samples for water systems in Maryland. This certification assures the reliability of the federal Safe Drinking Water Act compliance samples analyzed by State-certified laboratories. Performing the required sampling and testing of public water systems is the primary means of evaluating the safety of the drinking water supply. In calendar 2009, 114 laboratories were certified.

Well Driller License

The State Board of Well Drillers ensures that the groundwater used for drinking water supplies is not contaminated by improper well construction activities and that the public is protected from unqualified or incompetent well drillers. The board issues licenses to persons who drill water supply and geotechnical wells or install water pumps or water conditioning equipment; approximately 596 people were licensed to drill wells as of the end of calendar 2009. Well drilling includes making, altering, repairing, or disconnecting well system equipment.

For further information contact:

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

Well Construction Permit

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

Tidal Wetlands License and Permit

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

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

In calendar 2009, 957 licenses and permits were issued.

Marine Contractors License

Chapter 286 of 2010 established a Marine Contractors Licensing Board to license and regulate individuals and entities that provide marine contractor services in the State. An individual (or the entity they work for) must have a marine contractor license issued by the board prior to performing marine contractor services in the State. "Marine contractor services" means construction, demolition, installation, alteration, repair, or salvage activities located in, on, over, or under State or private tidal wetlands. However, residential and commercial property owners are authorized to perform marine contractor services on their own property, as long as they obtain the necessary local, State, or federal authorization. Under the Act, all marine contractors must register with the board by December 31, 2010. Marine contractors will need to qualify for licensure and apply for license renewal, and will be subject to penalties for certain violations.

Nontidal Wetlands and Waterways Permit (Nontidal Wetlands)

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

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

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

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

- dams and reservoirs;
- bridges and culverts;
- excavation, filling, or construction;
- channelization;

- change in the course, current, or cross-section of any stream; and
- temporary construction (*e.g.*, utility lines).

The administration issued over 750 nontidal wetlands and waterways permits in calendar 2009.

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 2009, there were 532 dam safety 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. At the end of calendar 2009, 644 sanitarians were licensed to practice in Maryland.

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

Water Management Administration
Maryland Department of the Environment
Montgomery Park Business Center
1800 Washington Boulevard
Baltimore, Maryland 21230
410-537-3597
Toll Free: 800-633-6101
Website: http://www.mde.state.md.us/

Land Management

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

- permitting facilities and conducting compliance inspections at over 30,000 locations to ensure proper management of solid waste, hazardous waste, sewage sludge, petroleum products, medical waste, lead, and scrap tires;

- remediating leaking underground storage tank sites and enforcing laws pertaining to the proper installation and operation of over 5,900 underground storage tank facilities;

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

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

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

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

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

Solid Waste Program

The Solid Waste Program oversees disposal and handling of domestic, commercial, and nonhazardous industrial solid waste. In calendar 2009, over nine million tons of solid waste was accepted at Maryland facilities, of which 14% was recycled or reused, 35% was landfilled, and 17% was incinerated. The remainder was exported out of state. Several of the activities described below require other types of State permits and local government approval. Public input is usually solicited to determine and address any community concerns before a permit is issued.

Refuse Disposal Permit

Any person who installs, materially alters, or extends a refuse disposal system must obtain a refuse disposal permit. Refuse disposal systems that require this permit include municipal landfills; land clearing debris landfills; industrial landfills; rubble landfills; municipal and special medical wastes incinerators; waste transfer stations; and waste processing facilities. In fiscal 2010, 81 refuse disposal permits were in effect.

Groundwater Discharge Permit for Rubble Landfills

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

Because all rubble landfills constructed after July 1, 2001, are required to have liners and leachate collection systems, groundwater discharge permits are no longer required for recently constructed rubble landfills. However, previously existing unlined rubble landfills are required to maintain these permits until such time as the administration determines that a regulated discharge is no longer occurring. In fiscal 2010, 19 ground water discharge permits were in effect.

Sewage Sludge Utilization Permit

A sewage sludge utilization permit is required for any person who treats, composts, transports, stores, distributes, applies to land, incinerates, conducts innovative or research projects, or disposes of sewage sludge or septage (effluent form septic tanks) in Maryland. In fiscal 2010, 708 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 28 natural wood waste recycling facilities licensed to operate in fiscal 2010. 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 3,200 facilities were licensed to haul, collect, store, recycle, or process scrap tires in fiscal 2010. The majority are haulers or general collection facilities. The necessary licenses or approvals are listed below:

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

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

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

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

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

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

The administration oversaw the cleanup of 40 stockpiles in fiscal 2009, resulting in the removal of over 230,399 tires; 73 stockpiles were remaining at the end of fiscal 2010.

Concentrated Animal Feeding Operations Permit

The administration has established a general permit with standardized permit conditions for surface and ground water discharges from concentrated animal feeding operations (CAFOs) and Maryland animal feeding operations (MAFOs). As of June 30, 2010, over 425 CAFOs and 101 MAFOs have submitted a notice of intent to be covered under this permit.

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 approved 303 permits in fiscal 2010; 1,572 permits were in effect at the end of fiscal 2010. 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. Two permits were in effect in fiscal 2010.

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 287 oil transfer licenses were in effect in fiscal 2010.

Oil Control Program General Wastewater Discharge Permit

A general permit for wastewater discharges (ground or surface water) from oil-related activities is issued to categories of business activities that are generally very similar in their wastewater characteristics. In fiscal 2010, 130 general waste water discharge permits were in effect. General permits with standardized permit conditions have been established for:

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

- remediated groundwater from petroleum contaminated groundwater sources.

Surface Water Discharge Permit for Oil Terminals

A surface water discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State surface waters. There were 14 surface water discharge permits in effect in fiscal 2010.

Groundwater Discharge Permit for Oil Terminals

A groundwater discharge permit combines the requirements of the State discharge permit program and the National Pollutant Discharge Elimination System into one permit for oil terminal facilities that discharge stormwater or hydrostatic test water to State groundwaters. Oil terminals receiving oil by pipeline or marine transfer that have greater than 5 million gallons of storage capacity must apply. In fiscal 2010, there were no groundwater discharge permits in effect.

Underground Storage Tank Technician, Remover, or Inspector Certification

To protect groundwater from leaks caused by improperly removed or installed underground storage tanks or noncompliant underground storage tanks, any individual who removes, installs, upgrades, repairs, retrofits, or inspects an underground storage tank must be certified. Some plumbers may also be required to obtain this certificate. In fiscal 2010, 375 technicians/inspectors 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.

Technical Services and Operations 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 controlled hazardous substance facility permits were in effect in calendar 2009.

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. At the end of fiscal 2010, 9,821 EPA numbers were effective in Maryland; 143 EPA numbers were issued to Maryland facilities or transporters in fiscal 2010.

Controlled Hazardous Substances Hauler, Vehicle, and Driver Certification

To ensure the safe transport of hazardous wastes within Maryland, the administration regulates the movement of controlled hazardous substances by certifying controlled hazardous substance haulers, vehicles, and drivers, and by requiring manifests to track hazardous waste. Over 2,300 haulers, vehicles, and drivers were certified in fiscal 2010.

Special Medical Waste Hauler and Vehicle Certification

To ensure the safe transport of medical wastes within Maryland, the administration regulates the movements of medical wastes by certifying haulers and vehicles. In fiscal 2010, 42 haulers and 492 vehicles were certified to transport medical waste.

Lead Poisoning Prevention Program

The Lead Poisoning Prevention Program serves as the coordinating agency for statewide efforts to eliminate childhood lead poisoning. Approximately 0.5% of all Maryland children tested in 2009 had elevated levels of lead, a decline from 2008. Program staff ensures compliance with mandatory requirements for lead risk reduction in rental units built before 1950. At the end of fiscal 2010, there were 61,328 rental dwelling units registered with the program.

Lead Paint Accreditation

The Lead Paint Accreditations Program oversees lead poisoning prevention activities that reduce the incidence of childhood lead poisoning. One of the program's activities includes the oversight of lead paint abatement work. This work includes any activity which eliminates or reduces lead paint hazards, including paint removal, replacement of components, encapsulation, repainting, or inspection. Any contractor, supervisor, or inspector engaging in such activities is required to be accredited through the program. At the end of fiscal 2010, 3,219 individuals held an accreditation.

Lead Paint Training and Instructor Approvals

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

In fiscal 2010, the administration issued 90 accreditations to instructors and 36 accreditations to courses of instruction. A total of 2,174 individuals completed an approved training course during the fiscal year.

Land Restoration Program

The Voluntary Cleanup Program streamlines and provides certainty in the processes for cleaning up eligible properties contaminated by hazardous waste or oil. The program also provides liability limitations to certain responsible persons and future

owners of eligible properties. The liability limitations provided to future owners are broader and are designed to encourage new investment in properties. A companion program, the Brownfields Revitalization Incentive Program administered by the Maryland Department of Business and Economic Development, may provide financial incentives to certain sites in the cleanup program or those that are contaminated by oil.

As of June 1, 2010, 249 properties had been cleaned up under the Voluntary Cleanup Program, and 90 cleanups were pending.

Mining Program

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

Coal Mining Permit

A coal mining permit is required for surface coal mining, deep coal mining, prospecting, preparation plants, loading facilities, and refuse reclamation operations. Mining permit requirements are aimed at minimizing the impact of acid mine drainage, which can seriously impair water quality and aquatic habitat. In fiscal 2010, 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-two operators were licensed in fiscal 2010.

Surface Coal Mining Blaster Certification

The use of explosives on surface coal mining operations must be conducted under the direction of a certified blaster. A blaster is the person who is directly responsible for the use of explosives on surface coal mining operations. The blaster must be familiar with the blasting plan and site specific performance standards for the mining operations. In fiscal 2010, there were 42 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 323 of these permits were in effect in fiscal 2010. 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. No permits were issued in fiscal 2010; at the end of the fiscal year there were 96 oil and gas exploration and production permits in effect.

For further information contact:

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

Enforcement and Compliance

The department imposes penalties and takes enforcement actions that appropriately address and adequately punish any violations found. The department's

coordinated enforcement and compliance effort seeks compliance with all legal requirements and encourages business practices that foster active pollution prevention.

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

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

The Science Services Administration in the department and the Environmental Crimes Unit in the Attorney General's Office also provide compliance and enforcement assistance. The administration provides technical analysis, scientific support, and risk assessment guidance to all of the department's programs, including those responsible for enforcement and compliance activities. The unit, which is part of the Criminal Investigation Division of the Attorney General's Office, investigates potential violations of Maryland's criminal environmental statutes and regulations. When appropriate, the unit files criminal charges to prosecute offenders. In fiscal 2009, the unit opened 51 criminal investigations and initiated 20 prosecutions – of which 12 were completed.

The department is required by statute to report compliance activity data about its enforcement activity at facilities that are subject to regulation. Exhibits 3.1 and 3.2 provide summaries of the department's various fiscal 2009 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 2009

Permitted Sites and Facilities	
Permits/Licenses Issued	10,043
Permits/Licenses in Effect	92,960
Other Regulated Sites and Facilities	117,421
Inspections	
Sites Inspected	51,587
Inspections, Audits, Spot Checks	122,079
Enforcement Actions	
Compliance Assistance Rendered	14,412
Enforcement Actions Taken	2,901
Penalties	
Amount of Penalties Obtained*	$6,516,601

*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 2009 Annual Enforcement and Compliance Report*

Exhibit 3.2
Fines Collected for Enforcement Actions*
Fiscal 2009

Clean Air Fund	$522,450
Clean Water Fund	680,208
Hazardous Substance Control Fund (HSCF)	60,750
Recoveries for Expenditures from HSCF (Environment Article under Section 7-221)	87,000
Nontidal Wetland Compensation Fund	6,200
Oil Disaster Containment, Clean Up, and Contingency Fund	4,484,806
Sewage Sludge Utilization Fund	2,500
Total	$5,843,914

*Only includes those funds required to be reported by the Environment Article under Section 1-301(d). An additional $620,487 in fine revenue was collected by the department but not deposited in these specific funds.

Source: Maryland Department of the Environment, *FY 2009 Annual Enforcement and Compliance Report*

For further information contact:

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

Chapter 4. Consumer Protection

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:

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

The Home Builder Registration Unit, described in Chapter 14 of this handbook, registers home builders and home builder sales representatives and ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws. The 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 2009 are summarized in Exhibit 4.1.

Exhibit 4.1
Consumer Protection Division Activities
Fiscal 2009

Number of Inquiries	49,500
Number of Complaints Received	14,708
Number of Arbitrations	293
Number of Cease and Desist Hearings	72
Amount of Recoveries for Consumers	$12,388,657

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 service 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%. The facility also must prepare an invoice that describes all work completed, including all warranty work, and all parts supplied.

Automotive Warranties

The Automotive Warranty Enforcement Act, commonly known as the Lemon Law, provides for the enforcement of manufacturer's warranties on new motor vehicles. The Lemon Law applies to the sale of all new cars, small trucks, multipurpose vehicles, and motorcycles registered in Maryland regardless of where they were purchased (or leased). The warranty period is 24 months after the motor vehicle was originally delivered to the consumer or 18,000 miles, whichever comes first.

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

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

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

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

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. Electronically printed credit card receipts may not display more than the last five digits of the credit card number and may not display the expiration date of the credit card.

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

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

Credit Denial 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.

Maryland consumers may obtain two free credit reports each year from each of the three major credit reporting agencies – one under federal law and one under State law. Also, consumers may place a "freeze" on their credit reports to prohibit a consumer reporting agency from disclosing information in the consumer's credit report without the consumer's express consent.

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

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

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

Credit Services Businesses

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

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

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

- charge a fee for obtaining an extension of credit if the fee, when combined with any interest charged on the extension of credit, exceeds the legal rate of interest.

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

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

Debt Management Services

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

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

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

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

If a foreclosure consultant arranges a sale or transfer of a residence in default, the purchaser of the residence must provide the homeowner with a certain notice that

includes a disclosure of the homeowner's right to rescind the contract to sell or transfer the residence within 5 business days of signing the notice. A purchaser of a residence in default may not represent, directly or indirectly, that the purchaser is acting on behalf of the homeowner; is assisting the homeowner to save the home; or is otherwise assisting the homeowner in preventing a foreclosure if the homeowner will no longer own the property.

Gift Certificates and Gift Cards

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

Gold and Silver

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

Health Club Services

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

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

Hearing Aid Sales

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

Home Appliance Repairs

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

Household Goods Movers

Under the Maryland Household Goods Movers Act, household goods movers may not enforce or threaten to enforce a carrier's lien or refuse to deliver a consumer's household goods when providing moving services within the State for a fee. 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 orders, presidential proclamations, or actions of federal agencies. An immigration consultant is not an attorney.

An immigration consultant may not:

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

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

Internet Access Providers

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

Kosher and Halal Products

A person may not sell unpackaged kosher or halal products unless the person prominently displays a disclosure statement setting forth the basis for the representation that the food is kosher or halal. A disclosure statement must be displayed on the premises where unpackaged kosher or halal food is sold or served. The Consumer Protection Division has adopted disclosure forms to be used by persons who sell kosher or halal food. Packaged kosher food must have a kosher identification 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% per month of the payment amount that is past due, whichever is greater; and no more than three monthly late fees may be imposed for any single payment amount that is past due, regardless of the period during which the payment remains past due; or

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

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

Layaways

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

A seller must permit the buyer to cancel a layaway agreement, without penalty or obligation, within 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% 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% of the purchase price of the goods or services that must be purchased; or (ii) $400.

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

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

Product Guaranties and Service Contracts

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

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

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

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

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

Reserved Seats

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

Social Security Number Privacy

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

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

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

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

Telemarketing

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

- telephone solicitors must first inform a consumer of the nature of the call, the caller's name, and the purpose of the call;

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

Do Not Call Registry

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

Telephone Bills – Cramming

"Cramming" is a practice in which a third party adds a charge to an individual's telephone bill for a service the individual did not order, agree to, or use. To combat this practice, Maryland law prohibits a person from submitting charges to a telephone company unless the person first obtains authorization from the telephone customer. The authorization must include, among other things, the customer's name and telephone number, an explanation of the product or service being purchased and all applicable charges, and an affirmation from the customer that the charges may be billed to the customer's telephone bill.

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

Telephone Records

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

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

Unit Pricing

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

Vacation Club Memberships

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

Work-at-home Advertisements

A person who places an advertisement that represents that any person can earn money at home by stuffing or addressing envelopes, mailing circulars, clipping newspaper or magazine articles, or performing similar work must pay compensation to those who perform the represented tasks. The person placing the advertisement may not

require the person who will perform the tasks to advance any monetary payment or deposit for any instructional booklets, brochures, or other items or services.

Enforcement and Penalties

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

- civil penalties – a fine of up to $1,000 for each violation and, if the violator 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, 16th Floor
Baltimore, Maryland 21202
Administrative Office: 410-576-6550
Fax Number: 410-576-6566
Consumer Complaints Hotline: 410-528-8662
Toll Free Consumer Complaints Hotline: 888-743-0023
Health Club Registration: 410-576-6530
Home Builder Registration: 410-576-6573

Toll Free Home Builder Registration: 877-259-4525
Medical Billing/Health Insurance Complaints: 410-528-1840
Toll Free Health Plan Decision Appeals Hotline: 877-261-8807
Website: http://www.oag.state.md.us/consumer/index.htm

Division of Financial Regulation
Department of Labor, Licensing, and Regulation
500 North Calvert Street, Room 402
Baltimore, Maryland 21202
Administrative Office: 410-230-6100
Website: 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 the State agencies responsible for implementing these regulations. In addition, Chapter 14 discusses specific provisions of Maryland's occupational and professional licensing requirements.

Section II is organized as follows:

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

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

Chapter 5. Agriculture

Agriculture continues to be a vital industry in Maryland. The number of farms in Maryland has remained fairly steady, increasing from 12,198 in the 2002 federal Census of Agriculture to 12,834 in the 2007 census. Agriculture remains the largest single land use in Maryland, with roughly 33% of total land area (2.1 million acres) used for farming. Approximately 350,000 people are employed in agriculture and related industries. Furthermore, Maryland farms contribute significantly to the economy – the value of agricultural products sold in Maryland totaled $2 billion in 2008. Leading agricultural products by farm receipts include poultry; greenhouse and nursery; milk and dairy products; corn; soybeans; cattle and calves; vegetables; wheat; eggs; hay; and fruit and nuts.

Land prices, market access, environmental compliance, and urbanization are among the leading challenges that continue to face the industry. According to the 2007 Census of Agriculture, average net farm income in Maryland increased 59% from 2002 to $32,161 per farm. However, profitability remains a top concern among farmers.

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

In 2005, following statewide "listening sessions" with farmers, the Maryland Department of Agriculture compiled information about existing regulations and posted them on its website, which is located at www.mda.state.md.us/news_room/reg_center.php. Regulation of the agriculture industry is carried out by the following offices of the department:

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

The department also administers the Maryland Agricultural Land Preservation Foundation and supports several boards and commissions, including the Maryland Agricultural Commission. The commission advises the Secretary on agricultural policy;

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

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

Office of Marketing, Animal Industries, and Consumer Services

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

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

For further information contact:

Office of Marketing, Animal Industries, and Consumer Services
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5700
Toll free: 800-492-5590
Website: www.mda.state.md.us/about_mda/marketing_animal_industries_consumer_services.php

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

Weights and Measures

The Weights and Measures Program inspects and tests all weighing and measuring devices used in the purchase and sale of commodities or the exchange of goods and services, such as gasoline pumps and food scales at supermarkets. Prepackaged commodities are likewise inspected and tested for accuracy of quantity statements and for compliance with labeling requirements. The interval between inspections was no more than 18 months in fiscal 2005; however, the interval rose to approximately 24 months in fiscal 2009 due to the small number of inspection staff, and it remains at this level in 2010. Maryland's National Type Evaluation Program Laboratory is one of 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 from fiscal 2007 to 2009 are summarized in Exhibit 5.1.

Exhibit 5.1
Weights and Measures
Administrative Controls and Other Functions
Fiscal 2007-2009

	2007	2008	2009
Registration Certificates Issued for Weighing and Measuring Devices	7,255	7,239	7,079
Type Evaluation of Devices Conducted	26	21	16
Sampler and Tester Licenses Issued	15	10	9
Citizen Complaints Received and Investigated	515	716	681
Disciplinary Hearings, Criminal Arrests, Summonses Obtained and/or Civil Penalties	25	44	42

Source: *Maryland Department of Agriculture 2009 Annual Report*

For further information contact:

Maryland Weights and Measures
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5790
Website: 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
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5769
Website: 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 department are officially identified by section employees. The cost of the service is paid by the users. In

fiscal 2009, the section certified more than 333 million pounds of poultry as USDA Grade A and more than 38 million pounds of shell eggs as USDA Grade A or AA.

Egg Inspection

The Egg Inspection Section inspects eggs sold at the wholesale, retail, and food service levels to ensure that Maryland eggs meet mandatory standards as to quality, size, microbial and physical contamination, refrigeration, labeling, and recordkeeping. In fiscal 2008, 0.5% of eggs sold in Maryland were sampled by inspectors. Compliance with the Maryland Egg Law rose from 85.8% in fiscal 2008 to 87% in fiscal 2009. Inspection is financed through the collection of $0.0026 on every sale of a dozen eggs.

All wholesalers and egg packers selling eggs in Maryland are required to register with the department annually. Packers are required to submit information that qualifies their flock as meeting a Salmonella enteritidis risk reduction requirement. One way producers can meet this requirement is to participate in the section's voluntary Egg Quality Assurance Program.

Grain Dealers Licensing

The Grain Dealers Law Section licenses and regulates persons in the business of buying, receiving, exchanging, or storing grain from a grower. Annual license fees range from $50 to $300, depending on the amount of grain handled. An applicant must meet minimum insurance and net worth requirements. The section licensed 39 businesses with 68 locations in fiscal 2009. The section also publishes and distributes an annual directory of licensed grain dealers.

Organic Certification

The Organic Certification Section conducts inspections and reviews organic production and handling operations as a U.S. Department of Agriculture certifier. Operations meeting the National Organic Program's standards are issued a certificate by the department. In fiscal 2009, this program certified 85 Maryland producers of organic food products. In addition, 21 handlers of organic food products that provided value-added services were certified and 20 farms were registered as organic but are exempt from inspection requirements because they sell less than $5,000 worth of products in a year. Pursuant to Chapter 19 of 2009, the department is authorized to recoup the cost of field inspection and laboratory analysis for the certification program. In addition, Chapters 553 and 554 of 2009 established the Maryland Organic Transition Investment Pilot Program in order to assist farmers in the transition to organic agricultural production.

Agricultural Statistics Service

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

For further information contact:

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

Animal Health

The Animal Health Section safeguards the health of food-producing animals and horses. The section plans and implements long-range programs to eradicate livestock diseases; a particular emphasis is placed on those diseases that are transmissible to humans, such as mad cow disease, West Nile virus, anthrax, salmonella, rabies, brucellosis, tuberculosis, avian influenza, and swine influenza. Of particular concern are avian influenza (bird flu or H5N1), which caused 294 deaths in other countries from calendar 2003 to May 6, 2010, and pandemic influenza H1N1 (formerly called swine influenza), which caused 17,919 deaths worldwide from April 2009 to April 25, 2010. The department is in charge of monitoring swine herds for the disease. In fiscal 2009, the section's laboratory staff conducted a total of 81,065 livestock, avian influenza, and other poultry diagnostic tests excluding salmonella.

The section's major activities are both regulatory and service-oriented, and include health certification of animals imported into, or exported from, the State; inspection and licensing of livestock auctions, dealers, fairs, exhibitions, hatcheries, and farms; and

operation of two veterinary diagnostic laboratories that support the department's field veterinarians, the private veterinary profession, and owners of agricultural and other types of animals. The section participates in several federal-state-industry cooperative disease eradication programs audited by the U.S. Department of Agriculture. The section also works closely with several units of the University of Maryland and numerous other local, regional, and national animal industry and animal health organizations. In order to encourage compliance with its livestock and poultry regulations, the section is authorized to impose administrative penalties of up to $10,000 for violations of certain State laws.

For further information contact:

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

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 at least 12 hours of continuing education each year as a result of Chapter 725 of 2009. In fiscal 2009, there were 2,416 licensed veterinarians in Maryland. The board also registers veterinary technicians every three years. Veterinary technicians must have 24 hours of continuing education during this three-year period. Chapter 30 of 2010 clarifies that the department is authorized to suspend or revoke a veterinarian's license and to impose a penalty on veterinarians of up to $5,000 for a first offense. Chapter 30 also authorizes the department to impose a penalty of up to $10,000 for a second or subsequent offense in addition to suspension or revocation of the veterinarian's license.

Veterinary hospitals are issued annual licenses and are inspected to ensure compliance with State regulations. Chapter 697 of 2008 authorized the board to issue licenses to animal control facilities to allow those facilities to administer drugs needed to sedate and/or euthanize animals, but repealed the board's authority to issue sodium pentobarbital permits to humane societies and county or municipal designated animal shelters. The activities of the board in fiscal 2007 to 2009 are summarized in Exhibit 5.2.

Exhibit 5.2
State Board of Veterinary Medical Examiners
Veterinary Profession Regulation
Fiscal 2007-2009

	2007	2008	2009
Licenses Issued to New Veterinarians	145	140	138
Registrations Issued to Veterinarians	2,412	2,475	2,416
Registrations Issued to Veterinary Technicians	80	47	117
Licenses Issued to Veterinary Hospitals	508	512	526
New Complaints Received	77	97	84
Complaints Closed	78	82	114

Source: *Maryland Department of Agriculture 2009 Annual Report*

For further information contact:

State Board of Veterinary Medical Examiners
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5862
Website: www.mda.state.md.us/animal_health/vetboard/index.php

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 a for hire horse be ridden or driven, whether or not riding or driving instruction is furnished. As part of fee increases authorized by Chapter 19 of 2010, a stable must pass an inspection and pay an inspection fee of $50 when applying for a license and annually thereafter. In addition, a license must be renewed each year and a $75 renewal fee must be paid. 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 583 licenses in fiscal 2009, 518 in fiscal 2008, 528 in fiscal 2007, and 463 in fiscal 2006.

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
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5861
Website: www.marylandhorseindustry.org/index.shtml or www.mda.state.md.us/about_mda/boards_comms/md_horse_industry_board.php

Aquaculture Development and Seafood Marketing

The Aquaculture Development Program promotes the development and expansion of the aquaculture industry. The program serves as an information resource and provides technical assistance on production systems, obtaining permits, financing, and marketing. The Maryland Aquaculture Review Board is chaired by the department's aquaculture coordinator and reviews aquaculture projects and lease applications in Maryland. The Maryland Aquaculture Coordinating Council is made up of academic, regulatory, legislative, and industry representatives and assisted State agencies in the development of the *Maryland Shellfish Aquaculture Plan: Enhancing the Environment Through Private Sector Investment*. The plan was presented to the Governor in September 2008 and several recommendations were incorporated in Chapters 173 and 174 of 2009; however, most of the regulatory responsibilities were placed on the Department of Natural Resources and the Maryland Department of the Environment. The number of commercial aquaculture farms in Maryland that raise a variety of food fish, sport fish, mollusks, crustaceans, bait fish, ornamental fish, and aquatic plants has increased from 30 in calendar 2005 to 65 in calendar 2009.

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 approximately $700 million. In calendar 2009, watermen landed 55.9 million pounds of seafood at a dockside value of $67.4 million. In calendar 2008, there were 70 processing and wholesale plants employing 1,217 people. In fiscal 2009, there were 6,724 commercial tidal fishing license holders who worked the Chesapeake Bay. The voluntary Maryland Crab Meat Quality Assurance Program is a unique program administered by the Seafood Marketing Program that works to reduce Listeria, *E. coli*, and bacteria plate counts in crabmeat. More than two-thirds of Maryland's crabmeat processors belong to the program.

For further information contact:

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

Marketing and Agriculture Development

The Marketing and Agriculture Development 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. From 2003 to 2009, participation in the federal program among Maryland farmers increased by 14% – one of the greatest increases in the Northeast.

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 2009, 16 grants totaling $257,500 were awarded to regional or statewide organizations that serve rural areas.

For further information contact:

Marketing and Agriculture Development Program
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5777
Website: www.mda.state.md.us/md_products

National Marketing

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

By calendar 2009, the National Marketing Program had supported the development of 88 of the State's 103 farmers' markets. Statewide farmers' markets generated more than $3.0 million in sales in calendar 2009. Also in 2009, 300 farmers from various farmers' markets participated in the farmers' market nutrition programs, which began in the late 1980s to help growers bring their produce to community-based markets. There are two components of the farmers' market nutrition programs – the Women, Infants, and Children Farmers' Market Nutrition Program and the Senior Farmers' Market Nutrition Program, both supported by coupons funded by the U.S. Department of Agriculture.

"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. In fiscal 2009, the "Maryland's Best" campaign promoted Maryland farmers on six radio stations during the growing season and via press releases throughout the year.

The Jane Lawton Farm-to-School program was created by Chapters 371 and 372 of 2008. The program promotes and facilitates the sale of farm products grown in the State to Maryland schools and is required to establish a Maryland Homegrown School Lunch Week. In calendar 2009, Maryland Homegrown School Lunch Week was held September 14-18 with all counties participating and purchasing produce from more than 30 different Maryland farms.

Numerous agricultural fairs, trade shows, and other promotional events have long been an effective method to promote individual farm products as well as the overall business of agriculture. The Maryland Agricultural Fair Board administers State grants for these events. In fiscal 2009, this amounted to $705,330 for the support of 165 agricultural events in which an estimated 185,000 exhibitors participated.

For further information contact:

National Marketing Program
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5770
Website: 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 more than 250 agribusinesses in more than 40 countries – including Cuba, South Korea, the Philippines, European Union nations, and Russia – to develop agribusiness opportunities. The program is focused on creating market access overseas for seafood, horses, horticulture, and processed foods. According to the U.S. Department of Agriculture's Economic Research Service, the total value of Maryland's agricultural exports increased from $286.2 million in federal fiscal 2005 to $439 million in federal fiscal 2009. Maryland also invested $12,500 in membership dues through the Southern U.S. Trade Association and the U.S. Livestock & Genetics Export

Association in calendar 2009 which yielded $200,000 in international trade mission funding.

For further information contact:

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

Tobacco Transition

The Tri-County Council for Southern Maryland administers the Tobacco Transition Program. The program pays participating farmers for the average amount of tobacco brought to market from crop years 1996 to 1998 if the farmer commits to retaining the land for agricultural production for 10 years. Buyouts are funded from a settlement reached in a multistate lawsuit against cigarette manufacturers; the sale of State bonds was authorized in 2001 to supplement funding for the program. The program formerly was overseen by the Maryland Tobacco Authority, which also regulated the sale of leaf tobacco in the State. However, the authority was abolished by Chapter 18 of 2009 because auctions of Maryland tobacco have ceased, primarily due to the success of the program. The total number of farmers enrolled in the tobacco buyout and that are out of production is 854 farmers, representing 83% of tobacco producers. The total cost of the tobacco buyout is $7.65 million on average per year, or $1 per pound of tobacco taken out of production, for 10 years.

In calendar 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. The number of agri-businesses enhanced/developed by the Tri-County Council increased from 300 in fiscal 2005 to 1,059 in fiscal 2009 and the number of farmers' markets supported/promoted increased from 14 in fiscal 2005 to 24 in fiscal 2009.

Office of Plant Industries and Pest Management

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

- forest pest management;
- mosquito control;

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

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

For further information contact:

Office of Plant Industries and Pest Management
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5870
Website: 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 fiscal 2008, 19,279 acres of defoliation occurred despite gypsy moth suppression being conducted on 99,222 acres – the most since fiscal 1995 – reflecting a new outbreak. However, in fiscal 2009, only 32,722 acres were treated, and only 295 acres of defoliation occurred. 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. In addition, the emerald ash borer containment activities continued in fiscal 2009 following detection in Charles County, which occurred despite efforts to quarantine the emerald ash borer in Prince George's County.

For further information contact:

Forest Pest Management Section
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5922
Website: 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 2009, the section provided mosquito control service to 2,132 communities in all jurisdictions except Garrett County; however, no acres were treated in Baltimore City. The program is available on a voluntary basis, and participating areas pay a share of the cost for direct services. One of the goals of the program is to reduce the risk of human exposure to West Nile virus, a disease that can cause severe physical effects in some humans. The number of human cases of this virus decreased from five cases in fiscal 2005 to two cases in fiscal 2009.

For further information contact:

Mosquito Control Section
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5870
Website: 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. In addition, Chapter 222 of 2010 requires pest control businesses to register annually with the department each employee, other than a certified applicator, who offers or performs pest control at each business location. The initial application fee and the annual renewal fee are both $30. A $30 late fee is established that is applicable to late license, certification, or registration renewals under the Pesticide Applicator's Law. The department's authority to charge a $10 fee for pest control exams retaken after the initial exam is also clarified by Chapter 222.

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 contracted to the U.S. Geological Survey; and training of school personnel in integrated pest management techniques. The activities of the section in fiscal 2007 to 2009 are summarized in Exhibit 5.3.

Exhibit 5.3
Pesticide Regulation Section
Pesticide Regulation
Fiscal 2007-2009

	2007	2008	2009
Pesticide Businesses Licensed	1,354	1,631	1,371
Private Applicators Certified*	3,494	3,434	3,284
Individuals Taking Examinations	934	982	888
Businesses Inspected	801	975	809
Consumer Complaints Investigated	79	54	31

*Reflects total number of applicators certified, including those who re-certified.

Source: *Maryland Department of Agriculture Annual Report 2009*

For further information contact:

Pesticide Regulation Section
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5710
Website: 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 health of plants and honeybees in Maryland. Programs administered by the section cover nursery inspection, apiary inspection, plant pest surveys, plant quarantines, integrated pest management, noxious weed control, biological control of insects and weeds, invasive plant species, plant certification, and ginseng management. The section also provides service and education in areas related to insect, plant disease, and noxious weed management. Plant protection staff examines and certifies plants at commercial nurseries and plant dealer outlets.

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 2009, the section inspected 660 apiaries containing 3,918 colonies. Approximately 1,363 beekeepers keep over 11,474 colonies scattered throughout the State.

For further information contact:

Plant Protection and Weed Management Section
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5920
Website: www.mda.state.md.us/plants-pests/plant_protection_weed_mgmt /index.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 2009, section staff inspected over 11,447 acres of crop seed and conducted almost 3,300 regulatory seed tests. As the number of crop varieties continues to increase, particularly from biotechnology research investments made by private companies, the need for quality control will remain strong.

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

Seed wholesalers doing business in the State must obtain a wholesale seedsman's permit. The annual fee for the permit is $100. 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
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5960
Website: www.mda.state.md.us/plants-pests/turf_seed/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 2009, the section issued 139 stop sale orders and 401 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
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-2721
Website: www.mda.state.md.us/plants-pests/state_chemist/

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 three key areas:

- program planning and development;
- 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.

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 2009, approximately 99% of Maryland farm operations were in compliance with the law and covered by a nutrient management plan. The department has certified 1,096 consultants to write these plans. Under a separate program authorized by Chapter 428 of 2004, 310 farmers have been certified to write plans for their own farms. Farmers are required to keep their nutrient management plans updated and submit an Annual Implementation Report. In calendar 2009, the department conducted 426 on-farm plan implementation reviews and inspections covering 101,500 acres and found that (1) 69% of the farms were in compliance; (2) 25% were out of compliance due to expired plans; and (3) 6% were out of compliance due to inadequate recordkeeping or failure to allow the department's staff to conduct inspections.

In early 2008, the Maryland Department of the Environment issued a nutrient cap management and trading policy that outlines fundamental principles and guidelines for nutrient trading in Maryland. The policy also spelled out the requirements and procedures for nutrient trades between wastewater treatment plants. When this policy was released, it was recognized that trading between point and nonpoint sources, such as agriculture, presented some unique issues. In response, an agricultural nonpoint nutrient trading advisory committee was formed to help the department develop policy for this area. In accordance with the recommendations of the advisory committee, the department and its partners have begun to develop an agricultural nutrient trading program with a $512,000 Conservation Innovation Grant from the U.S. Department of Agriculture for fiscal 2010 through 2012. Chapter 447 of 2010 authorized the department to establish requirements for the voluntary certification and registration of nutrient credits

on agricultural land. This step allows the department to continue developing its agricultural nutrient trading program, which will complement nutrient management plans to control nutrient runoff from farms and help meet the State's Chesapeake Bay restoration goals.

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 2009, soil conservation planners developed 921 comprehensive plans for 44,250 acres of farmland, and 765 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 section also works with local conservation districts to respond to complaints about soil erosion, odors, and other farm compliance concerns; in fiscal 2009, 76 such complaints were received, of which four prompted enforcement action.

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

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 Conservation Reserve Enhancement Program, a federal-State initiative.

In fiscal 2009, farmers received $19.1 million in grants to install more than 2,300 projects and invested more than $900,000 of their own funds; $10.7 million of the $19.1 million is to cover crop funding. Improvements related to these expenditures will prevent an estimated 1.3 million pounds of nitrogen and 86,900 pounds of phosphorus from entering Maryland waterways each year. The projects will also help manage an estimated 12,459 tons of soil annually and 1,647 tons of manure daily. Further, the State provides low-interest loans through the Low Interest Loans for Agricultural Conservation Program. The low-interest loans supplement grant payments for more costly improvements, such as 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 provide farmers with approximately $1.0 million in loans in fiscal 2009.

For further information contact:

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

Maryland Agricultural Land Preservation Foundation

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

Agricultural land conservation easements are granted through a competitive process; properties must meet certain minimum requirements, such as size, soil type, and location. In addition to the standard easement payment offered upfront on a lump sum

basis, the foundation, through a partnership with the Maryland Agricultural and Resource-Based Industry Development Corporation, also offers a financing mechanism called an Installment Purchase Agreement. This agreement offers easement sellers a tax-exempt stream of interest payments made over a period of 10 to 30 years with the principal amount paid out at end of the time period. This financing mechanism reduces the negative impact of capital gains taxes for participating easement sellers.

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

In 2002, the General Assembly passed Joint Resolution 16, which set a goal of tripling the amount of protected agricultural land in Maryland through the various preservation programs – for a total of 1,030,000 acres – by 2022. As of January 2010, a total of 554,285 acres (counted toward the goal) have been preserved by the Maryland Agricultural Land Preservation Program (283,169 acres), local preservation programs (182,184), Rural Legacy (64,468), and GreenPrint (24,464 acres).

For further information contact:

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

Chapter 6. Natural Resources Management

The mission of the Department of Natural Resources is to preserve, protect, enhance, and restore Maryland's natural resources for the wise use and enjoyment of all citizens. The department manages more than 460,000 acres of public lands and 17,000 miles of waterways, along with Maryland's fisheries, forests, and wildlife. Some of the department's regulatory activities have an impact on a broad cross section of businesses, while other regulatory functions have a more narrow focus.

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

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

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 Fisheries Service relating to fishing and aquaculture are discussed below.

Fishing

The fishing industry in Maryland has long been one of the State's major industries. Commercial finfish and shellfish catches for fiscal 2009 totaled over 58 million pounds and had a dockside value of approximately $75 million.

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

Maryland operates under a limited entry program for commercial fishing licenses. The commercial fishing license year begins September 1 and ends August 31. There are

caps for each license type. For example, the commercial fishery for striped bass has been capped at 1,231 licensees since 1994. Each licensee is required to declare their intent to harvest striped bass each year in order to remain on the list of eligible fishermen. The declaration of intent takes place every August at the department's regional service centers (see Appendix 2). The Fisheries Service monitors licensees to determine who is currently eligible and maintains a waiting list for noneligible fishermen possessing a valid license. To enter the striped bass fishery, current finfish license holders must apply to gain a spot on the waiting list.

Qualifications for a license are based on practical experience requirements, and applicants who do not qualify for a license are placed in an apprenticeship program. In fiscal 2009, the Fisheries Service issued 8,136 commercial watermen licenses, as shown in Exhibit 6.1 by category. The Fisheries Service also issued 411,775 sport fishing licenses and 48,303 recreational crabbing licenses in calendar 2009.

Exhibit 6.1
Commercial Licenses
Issued in Fiscal 2009

Commercial License Categories	Number of Licenses
Finfish (Hook and Line)	239
Finfish Harvester (All Gears)	248
Limited Crab Catcher	3,599
Crab Harvester (300 Pots)	232
Single Additional Pot Authorization (up to 600 Pots)	223
Double Additional Pot Authorization (up to 900 Pots)	404
Clam Harvester	6
Oyster Harvester	623
Oyster Dredge Boat	2
Conch, Turtles, and Lobster	11
Unlimited Tidal Fish License	2,056
Resident Fishing Guide	426
Nonresident Fishing Guide	50
Master Fishing Guide	17
Total	**8,136**

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

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

Species	Minimum Size	Commercial Season, Days, Times, and Area Restrictions	Special Conditions/Comments
Bass, Black Sea	11"	Landing permit required	Individual without a Landing Permit – 50 lbs.
Bass, Striped-Bay Pound Net	18"- 36"	June 1-Nov. 30 – 4 nets max./licensee Monday - Saturday	Permit required. Multiple allocations totaling at least 6,000 lbs, daily limit is 1,600 lbs. Single allocation, landing limit is 800 lbs./day
Bass, Striped-Bay Haul Seine	18"- 36"	June 7-Nov. 30 Monday - Friday	Permit required. 1,250 lbs./licensee/season, 750 lbs./licensee/net/day
Bass, Striped-Bay Hook & Line	18"- 36"	June 7-Nov. 30 Monday thru Thursday	1,500 lbs./week. 500 lbs./licensee/day – no more than 4 persons/boat, 2 crew/licensee. Permit and flag required.
Bass, Striped-Bay Drift Gill Net	18" - 36"	Jan. 1-Feb. 28 & Dec. 1-Dec. 31 3 am til 6 pm, Monday - Friday	Permit required – 4 permits/boat max. 500 lbs./licensee/day
Bass, Striped-Ocean Trawl-Drift Gill Net	24"	Jan. 1-Apr. 30 & Nov. 1-Dec. 31 Monday - Friday	Permit required – 1,950 lbs./licensee/season
Bluefish	8"	Open year round	
Catfish: Blue, Channel, White	10"	Open year round	
Clam, Hard	Transverse 1”	Sept. 15-May 31 Sunrise till 4 pm	Patent tong season same as for oysters. Hydraulic dredge use in coastal bays prohibited year round beginning Oct 1, 2008
Clam, Soft	2"	15 bushel/day/boat May 15-Oct. 31/8 bushel/day/boat Nov. 1 – May 14	Cooling required Apr. 15-Oct. 31 Time: Oct. 1-Apr. 14 sunrise till sunset Apr. 15-Sept. 30, ½ hour before sunrise to 1 pm
Crab, Blue	All season 3½” Soft 4/1 - 7/14 5" Hard 3¼” Peeler 7/15 - 12/15 5¼” Hard 3½” Peeler No Min. Size for Mature Females	Apr. 1-Dec. 15 Sunday or Monday Off pots/traps/rings/handlines or dip nets trotlines/scrapes Apr., Oct., Nov., & Dec.	Mature female harvest prohibited June 1-June 15; Sept. 26-Oct 4 & Nov. 11-Dec. 15 Catch limits subject to change by public notice during the season. Crabbing will be permitted on May 30 & May 31, July 4 & 5, Sept. 5 & 6, Oct. 10 & 11, Oct. 31 & Nov. 1, Nov 7 & 8, Nov. 21 & 22, 2010 Crabbing will not be permitted on Nov 11 & 18, 2010 Special provisions for Worcester Co: Season Apr. 1– Oct. 31 Catch limit – 25/bushel/day/boat, and cull ring closed Apr. 23 – May 31 No scrapes/dredges 5" Hard entire season
Crab, Horseshoe		June 8-July 10 – 1 mile off Atlantic Coast – 100/person/day w/permit July 13- Nov. 30 all waters – quota on permit–25/person/day wo/permit	Must land 2 males for every female landed. Closed Saturday & Sunday
Conch	6”	Open Year Round	
Croaker	9”	March 16-Dec, 31	Closed Jan. 1-March 15
Drum, Black	16"	Closed in Bay	Atlantic Coast – Quota 1,500 lbs.

Drum, Red	18” Max. 25”	Open year round	5 fish/person/day
Eel, American	6"	Open year round	25/person/day <6"; if pot mesh <½ x ½, escape panel req’d.
(Ocean) Flounder, Summer	14" Hook & Line 19” Other	Annual quota	Individual quotas issued. Individual w/o permit: 100 lbs./day
(Bay) Flounder, Summer	14" Hook & Line 19” Other	Annual quota	50 lbs/day w/o permit
Herring	None	Closed June 6-Dec. 31	
Lobster	3-3/8” Carapace Min.	Open year round – Max. 5¼” for female & male	V-notched females prohibited
Mackerel, Spanish	14"	Open year round	
Oysters	3"	Tong & dive Oct. 1-29 & Jan. 3-March 31 sunrise til 3 p.m. Mon.-Fri. 15 bushels/licensee – 30 bushels/boat Skipjacks (dredge boats) Nov. 1-March 31 Mon.-Fri. sunrise til sunset Pre-registered push days sunrise til 3 p.m. nonpush days – 150 bushel limit/boat (tong, dive, & dredge boat – sunrise til sunset – Nov. 1-Dec. 31 only)	Several areas closed. Consult Public Notices Power Dredge Nov. 1-March 31 in designated areas of Calvert, Dorchester, Somerset, St. Mary’s, Talbot, & Wicomico counties. Permit required for power dredge. Sunrise til 3 pm, Mon.-Fri. – 12 bushel/licensee not to exceed 24 bushel/boat
Perch, White	8"	Open year round	
Perch, Yellow	8½" - 11" Hook & Line 9"	Jan. 1-March 10 Hook & Line 10/person/day	Fishing allowed in Bay, north of bridge excluding Magothy, & in the Patuxent Must have permit and tags
Walleye Pike	15”	March 15-Nov. 30 – 5/person/day	By rod and reel or hook and line only
Scup	9"	Jan.-Apr. (Winter I)/May-Oct (Summer)/Nov.-Dec. (Winter II)	Federal trip limits announced annually
Sea Trout, Spotted	12"	Open year round	Trawl mesh min. 3-3/4” stretched; Gill net mesh min. 3” stretched
Shad, American & Hickory	None	Bay: Closed – Ocean: Closed	
Sturgeon (Atlantic & Shortnose)	Closed	Closed	Closed
Tautog	14"	Closed in Dec. Nov 1-Nov. 30 & Jan. 1-May 15 – 4/person/day May 16-Oct. 31 – 2/person/day	There are pot and trap restrictions.
Terrapin, Diamondback		Prohibited after July 1, 2007	
Turtles, Snapping	11”	Year round –permit and reporting required	May not pierce a turtle to capture. Charles County closed Apr. 15-May 31. Turtle nets must have airspace
Weakfish	12"	Chesapeake Bay: hook & line- Aug. 1, 2010-Sep. 30, 2010; 50 lb. trip or daily limit; no bycatch allowed all other gear subject to daily or trip limits (100 lbs. in Atlantic Ocean and Coastal Bays; 50 lbs. in Chesapeake Bay_	Trawl mesh and gill net mesh restrictions. Weight of weakfish may not exceed weight of catch of other species on board the vessel for trip or daily limits (whichever is longer).

Source: Department of Natural Resources.

Charterboat Fishing

In order to accept direct or indirect consideration for providing services as a fishing guide in Maryland waters, a person must obtain a license. If a person is licensed by Virginia to operate a charter boat in its jurisdictional tidal waters, a Maryland Provisional Charterboat Permit is required. In fiscal 2009, the Fisheries Service issued 493 licenses, including resident and nonresident tidal fishing guide and master guide licenses.

Aquaculture

The Fisheries Service also regulates the State's aquaculture industry, which rears fish and aquatic plants for sale, trade, barter, or shipment. A person that wishes to engage in aquaculture must obtain a permit from the Fisheries Service. Permits for raising nonnative species or nonnative stocks will only be issued if the operation is limited to nontidal ponds, lakes, or impoundments, and the operation is constructed in a manner that assures nonnative stocks are precluded from entering tidal waters or contaminating native species of the State. In fiscal 2009, 70 aquaculture permits were issued.

The Fisheries Service also regulates where aquaculture operations may be conducted; leases submerged land for shellfish cultivation; and issues permits to breed, propagate, and sell game and freshwater fish. The Maryland Department of the Environment also tests all waters leased from the State before the start of any type of aquaculture project.

Recent enacted legislation promotes and encourages the development of a strong aquaculture industry in the State. The department is implementing initiatives through regulations. Further, in December 2009, the Governor proposed an Oyster Restoration and Aquaculture Development Plan designed to enhance oyster restoration for ecological purposes and encourage the development of aquaculture businesses while continuing to support a more targeted and sustainable public oyster fishery.

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
Website: http://www.dnr.maryland.gov/

Forestry and Forest Conservation

The forest industry provides over $2 billion of direct annual impact to Maryland's economy, directly employing about 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 planting programs. The Forest Service manages 138,288 acres of State forests and 66,717 acres of Chesapeake Forest lands (a State-owned sustainable forest managed by a private forestry firm) for their ecological, economic, and recreational benefits. The regulatory activities of the Forest Service regarding 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 Forest Service regulates the commercial tree care services industry on private and public property through the issuance and renewal, and, if necessary, the suspension or revocation, of tree expert licenses. In fiscal 2010, there were 1,166 licensed qualified and insured tree care companies and individuals.

The Forest Service is also responsible for enforcing regulations governing the qualification and examination of licensed tree care specialists. Criminal penalties may be imposed by the Forest Service, with assistance as needed from the Natural Resources Police, for operating a tree care business without a license and the false advertisement or solicitation of an unlicensed tree expert business. Administrative penalties may apply for

fraud or deceit in obtaining a license, negligence or wrongful conduct in the practice of tree care, and violation of rules of ethics promulgated by the Forest Service. The Office of the Attorney General provides assistance regarding the enforcement of administrative penalties.

Roadside Tree Law

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

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

During 2010, the Forest Service anticipates issuing 900 roadside tree permits. Criminal penalties may be assessed by the Forest Service, with assistance as needed from the Natural Resources Police, for:

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

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

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

Forest Product Operator Licensing

Under the Forest Product Operators Law, the Forest Service ensures the adequacy of forestry practices and protects consumer interests through the issuance of forest product operator licenses. This license, also required for all forest product-manufacturing plants, requires forest product operators to harvest trees in a manner that leaves forests in favorable condition for re-growth and to accurately represent the goods for sale. The Forest Service defines forest product operators as firewood dealers, sawmills, whole tree chippers, and pulp wood and logging contractors. This license is also required for others engaging in a forest production business including mulch suppliers, land clearing companies, tree removal companies, and lumber brokers. Through the licensing process, the Forest Service determines the annual level of harvest and the overall effect on the State's natural resources. In fiscal 2010, 343 Maryland businesses and 75 out-of-state businesses were 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% or more of the trees are loblolly, shortleaf, or pond pines. The law's intent is to ensure that the State's pine resources are sustained for 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 pine seedlings in sufficient number to meet the requirements of the law. The Forest Service reviews, approves, and monitors forest regeneration plans to ensure compliance with the law. Each year, approximately 40 to 50 harvested areas (on 2,500 to 3,000 acres) are subject to this law.

Forest Conservation

The Forest Conservation Act's purpose is to minimize the loss of forest resources that may occur during development projects. The Act requires developers to obtain approval of a forest conservation plan before subdivision grading or sediment and erosion control approvals are granted for projects covering an area of 40,000 square feet (approximately one acre) or greater. Specific projects for which other forest protection

requirements often apply, such as cutting or clearing for public utilities, are exempt from the provisions of the Act. The forest conservation plan must be prepared by a licensed forester, licensed landscape architect, or other qualified professional. The plan must include:

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

The amount of forest that must be retained on a site subject to development is calculated according to the size of the site and the designated land use. Development on land zoned for higher intensity uses, such as commercial or industrial uses, requires less retention or afforestation than development on land zoned for low intensity uses, such as resource conservation areas. Some afforestation may be required on sites that have less than the requisite minimum forest cover. Reforestation or afforestation, if required, may be accomplished on the site, on another site, or through payment into the State Forest Conservation Fund or a local forest conservation fund.

The department administers the State Forest Conservation Fund, which consists of payments made by an applicant in lieu of performance of afforestation or reforestation requirements and penalties collected for noncompliance with specified forestry requirements. However, a local approval authority may establish and administer a local forest conservation fund to apply in that local jurisdiction instead of the State fund. Chapters 283 and 284 of 2010 repealed a requirement that, after two years or three growing seasons, unused money deposited into local forest conservation funds be returned to the original contributor for specified tree planting. This gives local programs the flexibility to implement tree planting efforts at the most strategic times. Additionally, Chapter 466 of 2010 altered the rates for contributions to the State Forest Conservation Fund and local forest conservation funds by establishing higher rates for projects located outside Priority Funding Areas, as a way to encourage development within Priority Funding Areas. Approval of developers' plans is generally undertaken and enforced by local planning and zoning authorities that have gained the Forest Service's approval for their forest conservation program. If the local authority, however, fails to submit a suitable forest conservation program to the Forest Service, the Forest Service must assume responsibility for the review and approval of all forest conservation plans within the jurisdiction of that local authority.

From 1993 through 2008, 205,460 acres of forest were reviewed on projects scheduled for development before construction permits were obtained. Of the acreage reviewed, 126,148 acres were retained, 71,432 acres were cleared, and 22,385 acres were planted with new forest. Administrative penalties may apply for the violation of any part of the Act, including:

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

For further information contact:

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

Wildlife Management

The Wildlife and Heritage Service provides technical assistance and expertise to the public and private sectors for the conservation and enhancement of Maryland's wildlife resources, including the management of threatened and endangered species, game birds, and mammals. The Wildlife and Heritage Service also operates about 110,000 acres of State-owned lands classified as Wildlife Management Areas. The Wildlife and Heritage Service regulates hunting, trapping, and other wildlife management activities through permitting and licensing. Professional licenses issued include 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 2009, approximately 90,000 individuals were licensed to hunt deer, 450 were permitted to hunt black bear, 51,900 were licensed to hunt waterfowl, 25,600 were licensed to hunt other game birds, 19,000 were licensed to hunt small game, and 10,500 were licensed to hunt other furbearing animals. In total, the service sold 360,749 hunting licenses, stamps, and permits.

For further information contact:

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

Boating

State regulation of the boating industry under the State Boat Act must conform with federal standards in areas such as "numbering vessels for identification," and may not conflict with any federal law or regulations that apply to vessels on Maryland waters. A dealer or manufacturer who buys, sells, or exchanges new or used vessels, or who manufactures or imports new or used vessels for the purpose of sale or trade, is required to obtain a boat dealer license from the department's Licensing and Registration Service. A dealer may also include a yacht broker and a holder of a lien (based on charges for services provided for the vessel) who sells the vessel. To qualify for a license, the dealer must post a surety bond. Out-of-state dealers and manufacturers are exempt from State licensing if they only display and sell their vessels at a boat show, boat exposition, or outdoor recreation show. In fiscal 2009, there were 525 licensed Maryland boat dealers.

All Maryland powered vessels, whether commercial or recreational, must be titled in Maryland and must display a biennial vessel registration decal. Vessels documented through the U.S. Coast Guard must display a documented use decal. The Licensing and Registration Service operates seven regional service centers to assist the public with boat titling and vessel registration (see Appendix 2). Licensed dealers are authorized to issue temporary vessel registrations and must collect the required vessel excise tax and fees on the sale of boats. These revenues are forwarded to the dealer's managing regional service center. The Licensing and Registration Service issued or renewed approximately 100,000 vessel registrations during fiscal 2009, for a total of approximately 202,000 registered and documented vessels principally used in Maryland.

Pursuant to Chapter 449 of 2010, the department will be responsible for regulating for-hire water carriers, which was previously regulated by the Public Service Commission. As of February 2010, the commission regulated 12 for-hire water carrier companies that have a total of 35 vessels. Regulatory authority transfers from the commission to the department as of October 1, 2010.

For further information contact:

Licensing and Registration Service
Department of Natural Resources
1840 West Street, Suite 300
Annapolis, Maryland 21401
410-260-3220
Website: http://www.dnr.maryland.gov/

Regulation of the State's Critical Areas

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

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

Each jurisdiction is responsible for managing land use development in the Critical Area through a local program. The participating counties and towns base their programs on the requirements of the law, the commission's original program criteria, and

regulations which the legislature authorized the commission to promulgate pursuant to comprehensive statutory amendments enacted in 2008. Standard provisions in each program include limits on forest clearing and the amount of certain semi-impervious surfaces that contribute to stormwater runoff. In rural parts of the Critical Area, jurisdictions apply a residential density limit of one dwelling per 20 acres. All local critical area programs, and subsequent amendments, must be approved by the commission. The commission also reviews and comments on land development projects that are subject to local approval. State agencies must obtain commission approval for development projects in the Critical Area.

For further information contact:

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

Enforcement of Natural Resources Management

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

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

For further information contact:

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

Chapter 7. Financial Services Industry

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

Administration of State Lending Laws

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

- The Banking Unit supervises and examines all Maryland-chartered banks, trust companies, and credit unions to assure their safety and soundness. Further, the unit is responsible for the review and processing of all applications filed by these financial institutions relating to proposed organizational changes.

- The Consumer Credit Unit licenses, registers, and regulates consumer lenders, sales finance companies, installment lenders, collection agencies (through the State Collection Agency Licensing Board), debt management services providers, check cashers, mortgage lenders, mortgage servicers, mortgage loan originators, and consumer reporting agencies and credit services businesses. The unit also licenses and regulates money transmitters and similar businesses that provide bill paying services and accelerated mortgage payment services. 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 2009, the commissioner assisted in resolving over 2,650 complaints, resulting in recovery of approximately $2.9 million for consumers. In addition, over $1.1 million 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
Website: 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 2009, there were 49 State-chartered banks and 5 State-chartered trust companies. For a new bank or trust charter, a $15,000 license fee is required. Banking institutions that accept deposits or retain funds in deposit accounts are subject to a graduated annual assessment of $8,000 plus $.12 for each $1,000 of the assets of the institution over $50 million but up to $250 million; $.10 for each $1,000 of assets over $250 million but up to $500 million; $.09 for each $1,000 of assets over $500 million but up to $1 billion; $.08 for each $1,000 of assets over $1 billion but up to $10 billion; and $.07 for each $1,000 of assets over $10 billion.

The Maryland Banking Board is a nine-member advisory group consisting of the State Comptroller and eight members appointed by the Governor. The board 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. The board meets at the request of the commissioner.

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
Website: 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
Website: http://www.ots.treas.gov

Examination and Insurance

State-chartered banks and trust companies are examined by the division at least once every 18 months. Further, a bank may be examined by the Federal Deposit Insurance Corporation or the Federal Reserve Bank of Richmond, 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

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 $250,000 per depositor per insured bank through December 31, 2013. On January 1, 2014, the standard insurance amount will return to $100,000 per depositor for all account categories except for Individual Retirement Accounts (IRAs) and other certain self-directed retirement accounts, which will remain at $250,000 per depositor, per insured bank. Nondeposit investment products, such as mutual funds, stocks, and bonds, are not covered by Federal Deposit Insurance Corporation insurance.

For further information contact:

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

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

Interstate Banking and Branching

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

In response to federal law, Maryland law includes an application and approval process through the commissioner 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. These other state bank branches operating in Maryland 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.

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

Credit Unions

In order to make financial services available to persons not served by banks or savings and loans, State-chartered credit unions were established in Maryland in 1929. Federal law enacted in 1934 provided for the creation of similar institutions to be regulated at the federal level. Credit unions are nonprofit, financial cooperatives composed of members who share a certain field of membership or common bond. Under both federal and State law, credit unions may serve members who all 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. For a new credit union charter, a $500 license fee is required. Credit unions with assets of $300,000 or greater are subject to an annual assessment of $1,000, plus $.08 for each $1,000 of the assets of the institution over $1 million. In fiscal 2009, there were nine State-chartered credit unions operating in Maryland, with an asset base of approximately $3.8 billion.

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

Examinations and Insurance

State-chartered credit unions are examined at least once every 18 months by the division. 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 2009, three State-chartered credit unions were insured by American Share Insurance and six by the National Credit Union Administration.

In addition to insuring those State-chartered credit unions that apply and qualify, the National Credit Union Administration insures all federally chartered credit unions. The administration conducts annual examinations of all federally chartered credit unions. The administration administers the National Credit Union Share Insurance Fund which protects credit union members' deposits up to $250,000 per depositor per credit union through December 31, 2013. On January 1, 2014, the standard insurance amount is slated to return to $100,000 per depositor, per insured credit union. As with banks, deposits in self-directed retirement accounts are also insured up to $250,000. Each insured credit union is required to keep 1% of its insured savings on deposit with the administration.

For further information contact:

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

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

Money Transmitters

The 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. Under Title 12, Subtitle 4 of the Financial Institutions Article, money transmitter services include bill payer services; accelerated mortgage payment services; informal money transfer systems outside the conventional financial institutions system; and money transmissions conducted over the Internet.

To qualify for a money transmitter license, an applicant must meet specified requirements designed to protect consumers. In particular, the applicant must satisfy the 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 2009, 75 money transmitter licenses were issued throughout the State.

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 2009.

Exhibit 7.1
Consumer Credit Licenses
Fiscal 2009

Consumer Lenders	171
Sales Finance Companies	588
Installment Lenders	122
Collection Agencies	1,457
Money Transmitters	75
Debt Management Services Providers	35
Check Cashers	493
Mortgage Lenders	2,437
Mortgage Loan Originators	5,900

Source: Division of Financial Regulation

Consumer Lenders

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

Licensure by the division under Title 11, Subtitle 2 of the Financial Institutions Article is required in order to engage in business as a consumer lender. A separate license is required for each place of business where a person makes a loan or transacts business under the Maryland Consumer Loan Law. To qualify for a consumer lender license, an applicant must meet specified requirements designed to protect consumers. In particular, the applicant must satisfy the 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.

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

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

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

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

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

Collection Agencies

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

Under Title 7 of the Business Regulation Article, a person may not engage in the business of a collection agency in this State without first paying a $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 conduct hearings; and (3) mediate disputes between consumers and debt collection agencies.

Debt Management Services Providers

Responding to consumer complaints about debt adjustment practices, Maryland enacted the Maryland Debt Management Services Act in 2003 to regulate the industry. Prior to providing debt management services in the State, a person is required to obtain a license from the commissioner. Applicants must meet specified net worth requirements and post surety bonds.

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

Under Title 12, Subtitle 9 of the Financial Institutions Article, a licensee must execute a debt management agreement with a consumer before collecting any fees for debt management services. A licensee must also provide a consumer with a list of (1) those services that are provided free of charge to consumers with a debt management services agreement, but provided for a charge to other consumers; and (2) those other services that the licensee provides along with the relevant charges. A licensee must furnish a consumer with a written accounting of any fees.

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

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.

Under Title 12, Subtitle 1 of the Financial Institutions Article, the licensing scheme limits the fee that a check cashing services outlet may charge to a percentage of the check being cashed, ranging from 2% to 10%, depending on the type of check. Except for a one-time membership fee not to exceed $5, a licensee may not charge any

other fee, including late fees or other service fees, for accepting or cashing a payment instrument in excess of the greater of:

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

Check cashing services that are exempt from regulation under Title 12, Subtitle 1 of the Financial Institutions Article include (1) services for which a fee of up to 1.5% of the payment amount is charged and that are incidental to the retail sales of the goods and services; and (2) transactions that are subject to the Maryland Consumer Loan Law, where a maximum 33% 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% 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. As of June 2009, the division licensed approximately 2,437 mortgage lenders.

Under Maryland's Mortgage Lender Law (Title 11, Subtitle 5 of the Financial Institutions Article), a mortgage loan is any loan or other extension of credit secured in whole or in part by an interest in residential real property in Maryland if made for (1) personal, household, or family purposes in any amount; or (2) commercial purposes up to $75,000.

A person may not engage in the business of a mortgage lender in this State without first obtaining a license from the commissioner. An applicant for a mortgage lender's license must pay a $1,000 annual license fee, a $100 investigation fee, and is required to meet certain bond requirements which depend upon the applicant's aggregate lending activity. 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% simple interest per annum computed on the unpaid principal balance outstanding. The law under which a loan was made (Title 12, Subtitles 1, 9, or 10 of the Commercial Law Article) may restrict the allowable terms of repayment and security.

Since 2007, changes in the real estate market and the economy in general have had a number of negative effects on lenders and borrowers, both nationwide and in Maryland. One of the most significant of these effects has been a marked increase in the number of foreclosures affecting homeowners and their mortgage lenders. Many such foreclosures have involved residential properties that were financed through sub-prime loans and nonbank loan originators, leading to increased concerns regarding the lending practices that surround these nontraditional financing methods.

To address these and other issues relating to the mortgage foreclosure crisis, legislation passed during the 2008, 2009, and 2010 sessions (1) created the Mortgage Fraud Protection Act, Maryland's first comprehensive mortgage fraud statute; (2) prohibited foreclosure consultants from participating in foreclosure rescue transactions; (3) reformed the foreclosure process to provide homeowners with more time and additional notices before their properties are sold; (4) required additional notices to be given to residential tenants renting properties in foreclosure; and (5) allowed an owner-occupier of residential property to request a foreclosure mediation session prior to the scheduling of a foreclosure sale.

Further, Chapters 7 and 8 of 2008 made a number of substantive changes to the laws relating to mortgage lending and the regulation of mortgage lenders. Lenders are prohibited from imposing penalties, fees, premiums, or other charges for a mortgage loan in the event the loan is prepaid in whole or in part, except for reverse mortgage loans.

For various types of mortgage loans, including both primary and secondary mortgage loans, the laws modify the factors that a lender or credit grantor must consider when making the loans. Due regard must be given to the borrower's ability to repay a loan in accordance with its terms, including the fully indexed rate of the loan, if applicable, as well as property taxes and homeowner's insurance, regardless of whether an escrow account is established. Due regard is required to include (1) consideration of the borrower's debt to income ratio; and (2) verification of the borrower's gross monthly income and assets by review of specified third-party documentation.

Mortgage Loan Originators

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

Chapter 4 of 2009 revised the State's mortgage lender and mortgage loan originator laws under Title 11, Subtitle 5 of the Financial Institutions Article to conform to the requirements of the federal Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act) and altered the licensing requirements, initial license terms, and renewal license terms for mortgage lenders and mortgage loan originators. The Act requires licensees to submit certain information to the Nationwide Multistate Licensing System and Registry, increases civil penalties, and permits the commissioner to issue interim mortgage loan originator licenses.

An applicant for a license must pay a $100 nonrefundable investigation fee and a $225 annual license fee. An applicant must also meet certain character and fitness, education, and experience qualifications. As of June 2009, the division licensed approximately 5,900 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 three consumer reporting agencies are Experian, Equifax Information Services, and TransUnion Corporation.

Consumer reporting agencies are not required to be licensed in Maryland. However, under Title 14, Subtitle 12 of the Commercial Law Article, the 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 the person can or will sell, provide, or perform any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; or (2) obtaining an extension of credit for a consumer.

Under Title 14, Subtitle 19 of the Commercial Law Article, a credit services business may not sell its services without being licensed. An applicant for a license must pay a $100 nonrefundable investigation fee and a $1,700 biennial license fee and meet certain bond requirements. The 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 division include:

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

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

The work of the division in fiscal 2009 is reflected in the statistics provided in Exhibit 7.2.

Exhibit 7.2
Securities Division Statistics
Fiscal 2009

Broker/Dealer (firm) Registrations and Renewals	2,277
Registered Agents (stockbrokers)	154,033
Investment Adviser/Financial Planner (firm) Registrations and Renewals	544
Investment Adviser/Financial Planner Representative (individual) Registrations, Renewals, and Notice Filings	10,317
Securities Registrations, Renewals, and Exemption and Notice Filings	25,637
Franchise Registrations and Renewals	1,451
Business Opportunity Filings	17
Active Cases, Investigations, and Inquiries	1,098
Registration Fees	$23,174,938
Fines Imposed, Restitution, and Rescission	$11,031,722

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

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

The commissioner may require registered broker-dealers to have a certain minimum amount of capital, subject to the limitations of the federal Securities Exchange Act of 1934. Subject to the limitations of this federal law, the commissioner also may require registered broker-dealers, as well as agents, to satisfy certain bonding

requirements. Broker-dealers are required to maintain records of transactions for the division's inspection.

The initial or renewal fee to register a public offering is one-tenth of 1% of the aggregate offering price of the shares being offered in Maryland, with a minimum fee of $500 and a maximum fee of $1,500. The initial fee to notice file an offering of a mutual fund or unit investment trust is $500. To renew a notice filing, the fee is $500 plus a sales fee for the prior year. If the issuer provides a sales calculation, the sales fee is one-tenth of 1% of the aggregate offering price of the shares sold in Maryland up to a maximum of $1,500, less a $500 credit for the initial filing fee. If the issuer does not provide a sales calculation, the sales fee is $1,800, less a $500 credit for the initial filing fee. An issuer that terminates its notice filing instead of renewing it must pay the appropriate sales fee.

A limited number of securities transactions are exempt from registration, including (1) a small Maryland business raising less than $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 Financial Industry Regulatory Authority (FINRA). The authority sponsors an arbitration forum for the resolution of disputes that involve public customers, broker-dealers, or persons associated with broker-dealers.

Investment Advisers

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

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

information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan.

Investment advisers are required to make disclosures to their clients concerning their background and experience, fees, and potential or actual conflicts of interests that may arise in the course of advising or undertaking transactions for clients. The 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, and the fee to apply for an exemption from registration is $250.

Business Opportunities

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

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

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

Interpretive Opinions and "No-action" Letters

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

For further information about regulation of the securities industry, contact:

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

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0213
1-888-732-6585
Website: http://www.sec.gov

Financial Industry Regulatory Authority (FINRA)
1735 K Street, NW
Washington, DC 20006-1506
301-590-6500
Website: http://www.finra.org/index.html

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

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

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

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

The taxes and fees collected by the administration in fiscal 2009 are summarized in Exhibit 8.1 below.

Exhibit 8.1
Maryland Insurance Administration
General and Special Fund Revenues
Fiscal 2009
($ in Thousands)

General Fund Revenues:	
Premium Taxes	$274,578
Retaliatory Taxes	582
Fines and Penalties	3,043
Total	**$278,204**
Insurance Regulation Fund Revenues:	
Insurer Assessment	$12,350
Insurer Licensing Fees	1,589
Producer Licensing Fees	4,831
Rate and Form Filing Fees	3,453
Examination Fees	2,279
Fraud Prevention Fees	1,451
Miscellaneous Income	509
Fund Total	**$26,465**

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 2009 are summarized in Exhibit 8.2.

Exhibit 8.2
Licensing, Examination, and Auditing of Insurers
Fiscal 2009

Licensing of Companies:	
Original Certificates Issued	16
Total Companies Licensed	1,734
Annual Statements Filed:	
Life and Health	466
Property and Casualty Companies	880
Not for Profit	7
Title Companies	24
Fraternal Insurance Companies	28
Health Maintenance Organizations	11
Managed Care Organizations	6
Provider Sponsored Organizations	1
Risk Retention Groups	85
Dental Plans	13
Surplus Line Carriers	125
Accepted Unauthorized Reinsurers	54
Workers' Compensation Self-insurers	6
Motor Clubs	28
Companies Examined (Completed)	14

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 2009, the Examination and Auditing Section reviewed approximately 1,900 semi-annual reports and approximately 32,000 surplus lines affidavits filed by surplus lines brokers.

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 2009 are summarized in Exhibit 8.3.

Exhibit 8.3
Life and Health Insurance Regulatory Data
Fiscal 2009

Forms Received:	
Life Insurance	5,331
Health Insurance	5,565
Annuity	2,418
HMO	646
Credit	226
Rate Filings	1,123
Actuarial Memos Reviewed	1,745
Rate Deviations – Credit Insurance	57
Advertising Filings	1,237
Medical Director / PRA Applications	
Received	96
Applicants Certified	88

PRA = Private Review Agent

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 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 2009 are summarized in Exhibit 8.4.

Exhibit 8.4
Property and Casualty Regulatory Data
Fiscal 2009

Form Filings	29,622
Rate Filings	2,148
Premium Finance Company Registrations	81
Motor Clubs Operating	28
Risk Purchasing Group Registrations	448

Source: Maryland Insurance Administration

People's Insurance Counsel

Established by statute in 2002, the People's Insurance Counsel Division of the Office of the Attorney General advocates 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:

People's Insurance Counsel Division
Attorney General of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
410-576-6432
Email: pic@aog.state.md.us
Website: http://www.oag.state.md.us/

Consumer Complaint Investigation

The Consumer Complaint Unit in the Life and Health Section and the Consumer Complaint Unit in the Property and Casualty Section investigate and resolve complaints made by insurance policyholders, claimants, and beneficiaries. In addition to taking action on individual complaints, the complaint process may lead to a market conduct examination.

The Consumer Complaint Unit in the Life and Health Section investigates complaints pertaining to health insurance, HMO coverage, life insurance, annuities, and credit insurance. Also under this section, the Appeals and Grievance Unit investigates whether a particular health care service is medically necessary. In 1998, Maryland became one of the first states in the country to statutorily mandate due process rights for individuals who wish to dispute a medical necessity determination made by 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 entities subject to the law. Funds collected through the assessment mechanism are deposited to the Health Care Regulatory Fund. The unit resolves complaints regarding payment of claims. This unit also resolves complaints about insurer determinations regarding whether a particular service is covered under an insured's contract.

The Consumer Complaint Unit in the Property and Casualty Section investigates automobile, homeowners, title, and other insurance complaints regarding property and casualty insurance policies. In recent years the number of complaints related to title insurance has increased significantly, including the failure of a producer to pay the balance of a prior mortgage, misappropriation of escrow funds, and the falsification or forgery of closing documents. Legislation introduced in 2009 addressed specific

regulatory gaps by increasing bonding requirements for title insurance producers and providing that only licensed title insurance producers may exercise control over trust money.

The combined activities of the consumer complaint units in fiscal 2009 are summarized in Exhibit 8.5.

Exhibit 8.5
Consumer Complaint Data
Fiscal 2009

Life and Health Complaints:	
Received from Citizens, Providers, and Organizations	4,091
Money Recovered from Concluded Complaints	$3,504,190
Property and Casualty Complaints:	
Automobile Insurance Protests Received	5,385
All Other Property and Casualty Complaints	2,258
Money Recovered from Concluded Complaints	$1,249,411

Source: Maryland Insurance Administration

Licensing of Insurance Producers, Advisers, and Others

The federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) removed barriers among the banking, insurance, and securities industries with respect to the activities, services, and products they were not allowed to engage in or provide. 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 issues licenses to qualified resident and nonresident producers (agents/brokers), including corporations, partnerships, and limited liability companies. In

addition, licenses/registrations are issued to surplus lines producers, insurance advisers, public adjusters, motor club representatives, and third-party administrators. Within the unit, the licensing section ensures that applicants take an examination and obtain the education and training necessary to qualify for a license for the insurance products they intend to sell or negotiate. The section also issues letters of certification or clearance for Maryland resident producers applying for licenses in other states. Insurers are not required to inform the administration about producer appointments or terminations; however, they are required to keep a producer register that is open to inspection by the administration.

The activities of the Licensing Unit in fiscal 2009 are summarized in Exhibit 8.6.

Exhibit 8.6
Producers, Advisers, and Others
Licensing and Consumer Services
Fiscal 2009

New Licenses/Registrations:	
Insurance Producers*	22,968
Surplus Lines Producers	298
Insurance Advisers	30
Public Adjusters	122
Motor Club Representatives	775
Third-party Administrators	18
Renewal Licenses/Registrations:	
Insurance Producers*	43,172
Surplus Lines Producers	925
Insurance Advisers	238
Public Adjusters	192
Motor Club Representatives	503
Third-party Administrators	258

*Includes bail bondsmen and producers at motor vehicle rental companies. Producer renewals are staggered over a two-year period. Historically, nonrenewals amount to about 20%. A recent increase in new licenses may partially be due to the streamlining of licensure among states, making it easier to obtain a new license in multiple states at one time.

Source: Maryland Insurance Administration

Compliance and Enforcement

The Compliance and Enforcement Section is primarily responsible for the regulatory oversight of the insurance industry by examining company business practices and investigating insurance producer activities. With one unit for both life and health insurance and property and casualty insurance, the administration has a more coordinated and consistent approach to enforcement and regulation.

Market conduct (nonfinancial activity) examinations are performed to assure that insurer trade practices comply with the requirements of 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 2009 are summarized in Exhibit 8.7.

Exhibit 8.7
Compliance and Enforcement
Fiscal 2009

Market Conduct Examinations	
Examinations Opened	13
Examinations Closed	22
Producer Enforcement Examinations:	
Investigations Opened	981
Investigations Closed	621
Revocations Orders	25
Orders Other Than Revocations	16
Total Restitution	$9,511,029
Total Penalties	$3,104,275
Total Per Diem Costs Billed to Insurance Companies	$895,674

Notes: Restitution and penalty totals include the combined activities of market conduct examinations, and producer enforcement examinations. Restitution totals refer to funds returned to Maryland citizens. Penalty totals refer to fines assessed on companies and are deposited in the State General Fund.

Source: Maryland Insurance Administration

Insurance Fraud

Insurance fraud nationwide is estimated to cost as much as $100 billion annually. Estimates of the number of fraudulent claims range from 5 to 25% of all claims made. The Insurance Fraud Division of the administration investigates complaints of fraudulent insurance acts and, where appropriate, initiates the prosecution of those committing such acts. The division works closely with the Department of State Police, the Office of the Attorney General, and the Offices of the State's Attorneys in all 24 subdivisions within the State of Maryland.

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

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

Through fiscal 2008, the division routinely received approximately 1,300 insurance fraud complaints per year. In fiscal 2009, complaints referred to the division by insurance companies, law enforcement agencies, prosecutors, other state insurance administration divisions, other State agencies, and citizens more than doubled, rising to 2,810. From July 1995 through June 2009, investigations handled by the division resulted in the conviction of more than 929 individuals for insurance related crimes.

The activities of the Insurance Fraud Division in fiscal 2009 are summarized in Exhibit 8.8.

Consumer Education and Advocacy Unit

The Consumer Education and Advocacy Unit educates consumers about various insurance products and explains to consumers their rights and obligations under the terms of their insurance contracts. In fiscal 2009, the unit participated in 377 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 2009

Fraud Activities	
Fraud Complaints	2,810
Total Number of Investigations Opened	531
Cases Referred to Area States Attorneys	190
Convictions	71
Cases Handled by Fraud Division Assistant Attorneys General	75
Referral Disposition	
Opened for Investigation	27
Returned for Investigation	26
Returned for Recommended Closure	12
Under Prosecution Review	5
Investigation/Prosecution Results	
Investigations Closed by Filing Charges	10
Individuals Charged	11
Individuals Successfully Prosecuted	7
Cases Referred to Department of State Police	23
Cases Closed with Charges Filed	5
Open Investigations	6

Source: Maryland Insurance Administration

In addition to educating Maryland citizens about insurance issues, the unit developed the Rapid Response Program to help insurance consumers resolve disputes with insurance companies in a prompt and efficient manner. The program focuses on administrative complaints that arise out of property and casualty claim decisions made by participating insurance companies. In fiscal 2009, the unit received 1,517 complaints. Of the 1,517 complaints received, 358 were referred to the Consumer Complaint Unit in the Property and Casualty Section. As of July 1, 2010, over 80 insurance companies were participating in the Rapid Response Program with more than $1.3 million paid to claimants in fiscal 2009.

Maryland Health Insurance Plan

Established by the Health Insurance Safety Net Act of 2002, the Maryland Health Insurance Plan is an independent unit of State government that provides 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% 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
Website: 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
200 St. Paul Place
Suite 2700
Baltimore, Maryland 21202
410-468-2000
Toll Free: 1-800-492-6116
Website: http://www.mdinsurance.state.md.us/

Chapter 9. Health

Maryland's health care system is a highly complex one that includes more than 8,000 regulated health care facilities and community residential sites, as well as more than 300,000 regulated health professionals. The majority of these facilities, sites, and providers 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 regulatory mission of the Department of Health and Mental Hygiene, describes the major regulatory entities under the department, and briefly summarizes other agencies involved in the regulation of health care in Maryland, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems. For further information regarding the public health services delivered by the Department of Health and Mental Hygiene and other government entities, see *Government Services in Maryland,* Volume II of the Legislative Handbook Series.

The Department of Health and Mental Hygiene

The mission of the Department of Health and Mental Hygiene is to protect, promote, and improve the health and well being of all Maryland citizens in a fiscally responsible way. The department is responsible for seeing that all Marylanders can have a life free from the threat of communicable diseases, tainted foods, and dangerous products. The Infectious Disease and Environmental Health Administration was formed from the integration of the AIDS Administration and the Community Health Administration on July 23, 2009. The administration seeks to improve the health of Marylanders through partnerships with local health departments, providers, community organizations, and public and private-sector agencies. Regulatory activities include focusing on the prevention, control, monitoring, and treatment of infectious diseases, investigation of disease outbreaks, and protection from food-related and environmental health hazards.

The department is also responsible for assuring that Marylanders have appropriate access to high quality health care at a reasonable cost to individuals, employers, and taxpayers. To fulfill this responsibility, numerous offices, boards, and commissions within the department work together to regulate health care in Maryland. The following section describes the four most significant regulatory entities within the department:

- the Office of Health Care Quality;
- the Health Services Cost Review Commission;
- the Maryland Health Care Commission; and
- the State health occupations boards and the Maryland Commission on Kidney Disease.

Office of Health Care Quality

The Office of Health Care Quality is the agency within the Department of Health and Mental Hygiene mandated by State and federal law to determine compliance with the quality of care and life standards for Maryland's health care facilities and community residential programs. The office is funded using a combination of approximately 60% general funds, 35% federal funds, and 5% special funds. Special funds are generated by licensing fees and fines levied against facilities.

The office both licenses and certifies health care facilities. Through licensing, a facility gains the authority to operate in the State; through certification, a facility obtains the right to participate in and be reimbursed for services by the federal Medicare and Medicaid programs. The types of facilities regulated by the office include nursing homes, hospitals, ambulatory surgical centers, endoscopic centers, birthing centers, home health agencies, health maintenance organizations, hospice care, physical therapy centers, developmental disability homes and facilities, mental health facilities, and substance abuse treatment facilities. Exhibit 9.1 shows all facilities, providers, and programs regulated by the office in fiscal 2009. Under Chapter 147 of 2007, the office will begin licensing forensic laboratories beginning January 1, 2012.

State and federal regulations set forth minimum standards for the provision of care in health care facilities. The office conducts surveys to determine compliance. When deficiencies are noted, the office initiates administrative action against facilities. If a facility fails to correct a problem, the office may impose sanctions such as license revocation, fines, bans on admission, or other restrictions on the operating license. Exhibit 9.2 shows the number of sanctions imposed in each health care facility category.

In fiscal 2004, the office also assumed responsibility for implementation of the Maryland Patient Safety Program. Under this program, the office requires Maryland hospitals to have patient safety programs that promote internal reporting of all near misses and adverse events, an analysis of the cause of such near misses and events, and the implementation of corrective action to prevent recurrence. The office conducts reviews of hospital patient safety programs. Despite instituting a goal to conduct annual reviews of patient safety programs in 20% of all licensed hospitals, only 3 out of the

69 (4%) patient safety programs received an annual review in fiscal 2008. The office may issue civil monetary penalties against hospitals that do not comply with program requirements.

Increased workload, a structural deficiency in positions allotted for survey and inspection activities, and chronic vacancies among surveyor positions, have prevented the office from conducting all of the survey activities for which it is responsible. Instead, the office prioritizes survey activities to accomplish those that fulfill federal requirements. The highest priorities for compliance with the federal Centers for Medicare and Medicaid Services are inspection of nursing homes, home health agencies, kidney dialysis, and intermediate care facilities for the mentally retarded. Conversely, the office has deferred some State only activities, such as surveying residential care providers. For example, the office's Developmental Disabilities Licensure unit has not met its Managing for Results Program goal of providing 27% of required annual relicensure surveys. In fiscal 2009, only 22% of the surveys were conducted.

Exhibit 9.1
Health Care Facilities Regulated by the
Office of Health Care Quality
Fiscal 2009

	Facilities, Providers, or Programs	Routine Inspections[1]	Complaint Inspections	Total Inspections
Adult Medical Day Care[2]	143	81	41	122
Assisted Living Programs	1,416	1,249	406	1,655
Community Mental Health Programs	1,525	175	0	175
Comprehensive Rehabilitation Outpatient Facilities	8	1	1	2
Developmental Disabilities Programs	210[3]	1,600[4]	420[5]	2,020
Freestanding Ambulatory Surgical Facilities	366	35	6	41
Freestanding Birthing Centers	2	1	0	1
Freestanding Kidney Dialysis Centers	121	60	35	95
Freestanding Major Medical Equipment Facilities	227	0	1	1
Freestanding Medical Facilities	3	4	2	6
Health Care Facilities in Correctional Facilities	11	22	1	23
Health Maintenance Organizations (HMOs)	7	8	20	28
Home Health Agencies	53	43	14	57
Hospice Care Programs	31	4	11	15

	Facilities, Providers, or Programs	Routine Inspections[1]	Complaint Inspections	Total Inspections
Hospitals	69	18	100	118
ICF/MR[6]	4	9	80	89
Laboratories:				
• Physician Office and Point of Care Laboratories	641	314	2	316
• Independent Reference Laboratories	408	73	10	83
• Hospital Laboratories	78	2	0	2
• Cholesterol Testing Sites	18	36	0	36
• Tissue Banks	160	87	0	87
• Cytology Proficiency Testing	85	430[7]	0	430
Nursing Homes	233	559[8]	3,500	4,059
Nursing Staff Agencies[9]	505	0	0	0
Nurse Referral Service Agencies	57	0	1	1
Outpatient Physical Therapy	110	8	1	9
Portable X-Ray	11	1	1	2
Residential Service Agencies[9]	595	148	28	176
Residential Treatment Centers	11	10	35	45
Substance Abuse Treatment Programs	323	520	0	520
Total	**7,431**	**5,498**	**4,716**	**10,214**

[1]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.
[2]Includes centers that provide services to individuals with developmental disabilities.
[3]Indicates number of providers.
[4]Indicates number of sites surveyed.
[5]Indicates number of complaints investigated on-site.
[6]ICF/MR is an intermediate care facility for the mentally retarded.
[7]Indicates number of individuals tested and re-tested.
[8]Includes technical assistance surveys.
[9] *Nursing Staff Agencies* refer nursing personnel, as employees or independent contractors, to perform temporary nursing services at health care facilities.
Residential Service Agencies employ or contract with individuals to provide home health care services.

Source: *Office of Health Care Quality, Annual Report and Staffing Analysis*

Exhibit 9.2
Health Care Facilities Sanctioned by the Office of Health Care Quality
Fiscal 2009

Facilities	Sanctions
Hospitals: Fine for Patient Safety	1
Hospitals: Loss of Deemed Status for Medicare	2
Assisted Living Facilities	87
Community Mental Health Programs	19
Nursing Homes	69
Physician Office Laboratory	1
Independent Reference Laboratory	1
Substance Abuse	0
Adult Medical Day Unit	4
Developmental Disabilities Unit	0
Ambulatory Care Unit	0

Source: Office of Health Care Quality

For further information contact:

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

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 services and outpatient services provided at a hospital.

The commission was established in 1971 with the goals of containing hospital cost growth, improving access to life-saving care, maintaining equity in hospital payments,

and providing financial stability and predictability for payors and hospitals. The rate-setting system has been successful in constraining escalating health care costs, financing the increasing costs of providing care to uninsured patients, and maintaining payor equity. More recently, the commission has adopted policies to provide payment incentives to improve the quality of care at Maryland hospitals, and to more accurately reflect changes in the severity of illness of hospital patients. The commission has rate-setting authority over 47 acute care hospitals, 3 specialty hospitals, and 3 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 for hospital care – including Medicaid, Medicare, insurance companies, and uninsured individuals – pays the same rates for services in any given hospital. 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.

The commission's fiscal 2008 disclosure statement reported that the average amount paid for a hospital admission in Maryland rose from $10,039 in fiscal 2007 to $10,443 in fiscal 2008. This 4% growth in Maryland is below the national average increase of 5.5% for the same period. According to the American Hospital Association, the rate-setting system has retained other benefits, such as keeping the mark-up (the difference between hospital costs and charges) in Maryland hospitals the lowest in the nation (at 22%), compared to the average mark-up of 187% for hospitals nationally.

The commission is special funded by user fees assessed on 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
Website: 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.

The merged commission serves as a health policy resource for the State, publishing both regular reports on health insurance coverage, health care expenditures, and the cost of mandated health insurance benefits, and special reports on a range of health policy issues. The commission conducts State planning of health care services and administers the Certificate of Need Program to assure appropriate access to services while controlling costs. The commission publicly reports quality, performance, and satisfaction measures for hospitals, nursing homes, and health plans. The commission is also the lead agency dealing with the adoption of health information technology and oversees electronic claims clearinghouses.

In conjunction with the Maryland Insurance Administration, the commission regulates the small group health insurance market in which the Comprehensive Standard Health Benefit Plan is sold. The plan is a standard health benefit package that carriers must sell to small businesses (2-50 employees). Carriers may sell additional benefits or enhancements through riders, which must be offered and priced separately. The plan includes guaranteed issuance and renewal and has an affordability ceiling. According to the commission, in calendar 2008, 51,283 employers participated in the plan, insuring 407,983 individuals.

The commission also administers the Medical Care Data Base. The database consists of insurance claim records of nonhospital services rendered to patients who live in Maryland, including demographic characteristics, principal diagnosis, procedure performed, date and location of the procedure, and the amount charged. Information is collected from payors and serves as a key data source for several commission publications. The database will soon expand to include hospital services.

The commission is special funded by user fees assessed on health care payors, hospitals, nursing homes, and practitioners. The amount of fees charged to an industry is determined according to the proportion of the commission's workload attributable to that industry.

For further information contact:

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
410-764-3460
Toll Free: 1-877- 245-1762
Website: www.mhcc.maryland.gov

State Health Occupations Boards and the Maryland Commission on Kidney Disease

Under the Office of the Secretary of Health and Mental Hygiene, there are 18 boards that regulate and discipline more than 300,000 individual health care professionals. The boards seek to protect the public by ensuring that practicing health professionals are properly credentialed and licensed to provide high-quality services to the citizens of Maryland. Each board also receives, investigates, and resolves complaints about regulated professionals and assists in establishing parameters for the practice of each regulated health profession. Also under the umbrella of the health occupations boards is the Maryland Commission on Kidney Disease.

All but two of the health occupations boards are exclusively special funded by revenues generated by licensing and certification fees. The Board of Examiners of Nursing Home Administrators is general funded, though the board generates some revenues from licensing fees, and the Board of Residential Child Care Program Professionals is 100% general funded.

All 18 of the health occupations boards are subject to the evaluation and reestablishment provisions of the Maryland Program Evaluation Act, which requires the Department of Legislative Services to evaluate certain State agencies according to a revolving statutory schedule. The Department of Legislative Services prepares evaluation reports on all entities subject to the Act, including the health occupations boards. Each of the 18 boards also has a statutory termination or "sunset" date that the General Assembly may extend; typically based on the findings and recommendations of the Department of Legislative Services' reports. The State Commission on Kidney Disease is not subject to the Act and does not have a statutory termination date.

A brief description of the specific practitioners and facilities regulated by each board and the commission is set forth below. Exhibit 9.3 shows the total number of active licensees and certificate holders regulated by each board and the commission, the number of complaints investigated, and the number of sanctions imposed by each board and the commission in fiscal 2009.

Exhibit 9.3
Active Licensees and Complaints Received
Health Occupations Boards and the Commission on Kidney Disease
Fiscal 2009

	Active Licensees	Complaints Received	Sanctions Issued
Commission on Kidney Disease	113	36	85*
Acupuncture	824	12	5
Audio, Hearing Aid, and Speech	3,249	20	10
Chiropractic Examiners	4,295	74	10
Dental Examiners	14,333	261	120
Dietetic Practice	1,480	17	2
Morticians and Funeral Directors	1,470	52	33
Nursing	236,893	1,168	714
Nursing Home Administrators	595	9	1
Occupational Therapy	3,031	8	7
Optometry	867	27	21
Pharmacy (*pharmacists only*)	8,447	150	39
Physical Therapy	11,708	110	24
Physicians	37,493	995	361
Podiatric Medical Examiners	570	40	19
Professional Counselors and Therapists	4,855	36	9
Psychologists	3,152	30	11
Social Workers	11,997	132	86
Residential Child Care Professionals	250	39	23
Total	**345,622**	**3,216**	**1580**

Note: Complaints received do not necessarily represent those that were actually subject to an investigation since not all of the boards track this data.

*Number of sanctions is higher than complaints received due to sanctions that result from routine inspections conducted by the commission as well as complaints.

Source: Department of Health and Mental Hygiene, Department of Legislative Services.

Commission on Kidney Disease

The Maryland Commission on Kidney Disease promotes quality health care in the field of nephrology and transplantation by certifying dialysis and transplant centers, conducting annual surveys of all dialysis and transplant facilities to ensure compliance with medical standards, receiving and resolving complaints, and setting standards for the practice of chronic dialysis and transplantation. For more information contact the commission at 410-764-4799 or 1-866-253-8461 (toll free). Website: www.dhmh.state.md.us/mdckd.

Board of Acupuncture

The practice of acupuncture involves the use of oriental medicine therapies for the purpose of normalizing energetic physiological functions including pain control, and for the promotion, maintenance, and restoration of health. The Maryland Board of Acupuncture licenses and regulates acupuncturists and enforces the Maryland Acupuncture Act. For more information contact the board at 410-764-4766 or 1-800-530-2481 (toll free). Website: www.dhmh.state.md.us/bacc.

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

Audiologists are specialists involved in the study of normal and impaired hearing, prevention of hearing loss, identification and assessment of hearing problems, and the rehabilitation of persons with hearing impairment. Speech-language pathologists are concerned with the evaluation, treatment, and research of human communication and its disorders. Hearing aid dispensers are trained to minimize hearing loss through the fitting and sales of hearing aids and other assistive listening devices. The State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists licenses and regulates the practice of audiology, the provision of hearing aid services, and the practice of speech-language pathology. For more information contact the board at (410) 764-4723 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/boardsahs

Board of Chiropractic and Massage Therapy Examiners

The practice of chiropractic includes the diagnosing and locating of misaligned or displaced vertebrae and, through the manual manipulation and adjustment of the spine and other skeletal structures, treating disorders of the human body. In Maryland, regulation of massage therapy is differentiated by the setting in which it is practiced. If outside of a health care facility, it is deemed to be nontherapeutic massage and the practitioner must be registered as a massage practitioner. Otherwise, an individual must

be certified as a massage therapist. The Maryland Board of Chiropractic and Massage Therapy Examiners licenses and regulates chiropractors and certifies and regulates chiropractic assistants and massage therapists. For more information contact the board at 410-764-4726 or 1-877-463-3464 (toll free). Website: www.mdchiro.org.

Board of Dental Examiners

The State Board of Dental Examiners regulates the practice of dentistry by licensing dentists and dental hygienists and certifying dental radiation technologists. Though not licensed by the board, dental assistants are issued a Maryland registration card after successfully passing the Dental Assisting National Board examination. For more information contact the board at 410-402-8500 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/dental.

Board of Dietetic Practice

The practice of dietetics includes such activities as nutrition counseling and education and assessing and developing nutritional care plans. The State 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). Website: www.dhmh.state.md.us/bodietpract.

Board of Morticians and Funeral Directors

The State Board of Morticians and Funeral Directors promotes quality funeral service practices in the field of mortuary science. The board licenses morticians, funeral directors, surviving spouses (a legal widow or widower of a licensed funeral director or licensed mortician, whose license was in good standing at time of death, and who at the time of death, wholly or partly owned and operated a mortuary science business), and apprentices, as well as licensing and inspecting funeral establishments. Generally, a funeral establishment may only be owned by a licensed mortician, funeral director, or surviving spouse; however, a corporation license, of which there are 58 in Maryland, allows a corporation to own a funeral establishment if all services are provided by licensed individuals. New corporation licenses have not been issued by the board since 1945; only existing licenses may be renewed. In 2007, in the case of *Brown, et al. v. Hovatter, et al*., a U.S. District Court ruled that the restriction on new corporate ownership of funeral homes was unconstitutional; however, the 4th U.S. Circuit Court of Appeals later reversed that decision and reinstated the law. The board also issues a small number of one-time only executor licenses, which allow the personal representatives of a deceased mortician's estate to continue to operate a funeral establishment until it is sold or the personal representative attains other licensure from the board. For more

information contact the board at 410-764-4792 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/bom.

Board of Nursing

The State Board of Nursing promotes and ensures quality nursing care. The board licenses, certifies, and regulates registered nurses, licensed practical nurses, nurse anesthetists, nurse midwives, nurse practitioners, nurse psychotherapists, nursing assistants, medicine aides, medication technicians, and electrologists. The board also regulates nursing education programs, nursing assistant programs, and electrology programs. For more information contact the board at 410-585-1900 or 1-888-202-9861 (toll free). Website: www.mbon.org.

Board of Examiners of Nursing Home Administrators

The Board of Examiners of Nursing Home Administrators licenses and regulates nursing home administrators and conducts a continuing study and investigation of nursing homes and administrators of nursing homes. For more information contact the board at 410-764-4750 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/bonha.

Board of Occupational Therapy Practice

Occupational therapy uses therapeutic activities to promote independence in daily life roles and to remediate and restore performance abilities. The Board of Occupational Therapy Practice regulates the practice of occupational therapy and limited occupational therapy by licensing occupational therapists and occupational therapy assistants. For more information contact the board at 410-402-8560 or 1-877-463-3464 (toll free). Website: www.mdotboard.org.

Board of Examiners in Optometry

Optometrists provide primary eye care to the majority of Maryland's citizens through vision testing, screening of general eye health, and the prescription of eyeglasses, lenses, or contact lenses to correct vision. The Board of Examiners in Optometry regulates the practice of optometry by licensing optometrists and certifying qualified optometrists (therapeutically certified optometrists) to administer topical ocular diagnostic or therapeutic pharmaceutical agents and remove foreign bodies from the eye. For more information contact the board at 410-764-4710 or 1-877-463-3464 (toll free). Website: www.mdoptometryboard.org.

Board of Pharmacy

The Maryland 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. The board shares regulatory responsibilities for pharmacies with the Department of Health and Mental Hygiene'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). Website: www.dhmh.state.md.us/pharmacyboard.

Board of Physical Therapy Examiners

Physical therapy focuses on the prevention of disability and the rehabilitation of patients or clients with a congenital or acquired disability. The Board of Physical Therapy Examiners regulates the practice of physical therapy and limited physical therapy by licensing physical therapists and physical therapist assistants. For more information contact the board at 410-764-4752 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/bphte.

Board of Physicians

The State Board of Physicians regulates the practice of medicine by licensing physicians and allied health practitioners, specifically physician assistants, radiographers, nuclear medicine technologists, radiation therapists, and respiratory care practitioners. Effective October 1, 2009, the board licenses a new category of allied health professionals, polysomnographic technologists (performs sleep studies to help physicians diagnose and treat sleep disorders). For more information contact the board at 410-764-4777 or 1-800-492-6836 (toll free). Website: www.mbp.state.md.us.

Board of Podiatric Medical Examiners

Podiatry is the diagnosis or treatment of disorders of the human foot or ankle, the anatomical structures that attach to the human foot, or the soft tissue below the mid-calf. The Board of Podiatric Medical Examiners regulates the practice of podiatry by licensing podiatrists and podiatric residents in training. For more information contact the board at 410-764-4785 or 1-866-253-8461 (toll free). Website: www.dhmh.state.md.us/mbpme.

Board of Professional Counselors and Therapists

The State Board of Professional Counselors and Therapists regulates the practice of counseling and therapy by licensing and certifying professional counselors (certified, licensed graduate, and licensed clinical), marriage and family therapists (certified, licensed graduate, and licensed clinical), and alcohol and drug counselors (certified supervised counselor, certified associate counselor, certified professional counselor, licensed graduate, and licensed clinical). Chapter 505 of 2008 reorganized Maryland law to reflect the focus on licensure over certification and repealed prospective certification for professional counselors and marriage and family therapists. For more information contact the board at 410-764-4732 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/bopc.

Board of Examiners of Psychologists

The Board of Examiners of Psychologists ensures that Maryland consumers receive quality psychological services by licensing psychologists and approving psychology associates (unlicensed individuals that are granted an exemption to provide psychological services under the supervision of a licensed psychologist). For more information contact the board at 410-764-4787 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/psych.

Board of Social Work Examiners

The practice of social work involves restoring or enhancing social functioning of individuals, couples, families, groups, organizations, or communities through such means as planning, case management, and advocacy. The Board of Social Work Examiners regulates the practice of social work by licensing 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). Website: www.dhmh.state.md.us/bswe.

Board for Certification of Residential Child Care Program Professionals

Residential child care programs provide 24-hour per day care within a structured set of services and activities designed to achieve specific objectives relative to the needs of the children served. The State Board for Certification of Residential Child Care Program Professionals was established in 2004 to certify individuals responsible for the day-to-day management and operation of residential child care programs. Chapter 218 of 2008 expanded the board's scope to include the certification of residential child and youth care practitioners. These practitioners must be certified by October 1, 2013. For

more information contact the board at 410-764-5966 or 1-877-463-3464 (toll free). Website: www.dhmh.state.md.us/crccp.

Local Health Departments

As mentioned above, local health departments play a large role in carrying out health care regulation and, among other things, are charged with licensing and inspecting food processing plants and food service facilities. Licenses must be renewed on an annual basis. A listing of the local health departments and their contact information is contained in Appendix 3.

Other Health Care Regulatory Agencies

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

Maryland Insurance Administration

The Maryland Insurance Administration regulates health insurance products sold in Maryland and the business of insurance; protecting consumers through regulation and enforcement of the State's insurance laws. The Maryland Insurance Administration investigates complaints about health insurance coverage and reviews and approves rates and contract forms for health insurance policies. The administration also enforces the State's appeals and grievances process that gives residents the right to appeal a decision by their insurance carrier to deny coverage for medically necessary services.

Employers have two major options when providing health insurance to their employees. They can (1) purchase an insured health benefit plan from an insurance company; or (2) self-insure by assuming the risk and paying the claims that are filed by their employees for health services. State health insurance regulation applies only to *insured* health benefit plans, both employer provided plans and individual policies purchased by residents who do not have access to employer plans. Self-insured plans are regulated by the U.S. Department of Labor's Pension and Welfare Benefits Administration under the guidelines of the Employee's Retirement Income Security Act of 1974. In 2009, over 3.6 million State residents under the age of 65 had health insurance through a commercial benefit plan (this figure includes both fully insured and self insured health benefit plans but does not include Medicaid, Medicare, or Tri Care/Military). However, the percentage of the population under the age of 65 with insured health benefit plans declined from 29% in 2005 to 25% in 2009. Therefore,

in 2009, the administration regulated and Maryland State law applied only to about one-quarter of the population under the age of 65.

In addition to comprehensive health insurance policies, the Maryland Insurance Administration regulates Medicare supplement policies, long-term care policies, and other types of ancillary health insurance coverage.

For more information about the administration and the regulation of insurance in Maryland, see Chapter 8 of this volume of the Legislative Handbook Series.

For further information contact:

Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202
410-468-2000
Toll Free: 1-800-492-6116
Website: www.mdinsurance.state.md.us

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 helps consumers resolve billing disputes with hospitals, medical doctors, insurance companies, and other health care providers. The Health Education and Advocacy Unit also assists consumers negotiate refunds for medical equipment that is defective or was never delivered and seek repairs for medical equipment and other health care products. The unit uses the process of mediation to attempt to resolve these consumer complaints.

In fiscal 2009, 651 appeals and grievances cases were filed with the unit regarding a health insurance carrier. The Health Education and Advocacy Unit mediated 61% of those cases, and assisted consumers in obtaining almost $1.5 million in claims payments in appeals and grievances cases. 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, 16th Floor
Baltimore, Maryland 21202
410-528-1840
Toll Free: 1-877-261-8807
Website: 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 (EMS) system; provides leadership and medical direction; supports emergency medical services system educational programs; operates and maintains a statewide communications system; designates trauma and specialty centers; licenses and regulates commercial ambulance services; and participates in EMS-related public education and prevention programs. The Maryland Institute for Emergency Medical Services Systems provides executive support for the EMS Board in reviewing and approving the budgets for agencies receiving funds from the Maryland Emergency Medical System Operations Fund, developing and promulgating regulations and protocols, proposing emergency medical system legislation, and licensing/certifying and disciplining emergency medical system providers.

The Maryland Institute for Emergency Medical Services Systems oversees a statewide emergency medical services system that includes over 30,000 Maryland-certified EMS providers and fosters the integration of the delivery of pre-hospital emergency care with 48 hospital emergency departments, 9 adult and 2 pediatric trauma centers; as well as specialty referral centers, primary stroke centers, and perinatal centers. The institute regulated the dispatch of 2,414 Medevac helicopter transports from accident scenes in fiscal 2009, primarily transported by the Maryland State Police Medevac helicopter system and supplemented by U.S. Park Police helicopters, Delaware State Police helicopters, and private carriers. The number of flights dispatched in fiscal 2009 is significantly lower than the number dispatched in fiscal 2008 (almost 4,200) due to a number of factors, including field triage protocol changes. In addition to commercial air transport services, the institute regulates commercial ground ambulance services. For more information on the structure and funding of emergency services in Maryland, see *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
410-706-3994
Toll Free: 1-800-762-7157
Website: www.miemss.org

Chapter 10. Alcohol and Tobacco

To protect Maryland consumers, alcoholic beverages and tobacco are regulated statewide by the Motor-fuel, Alcohol, and Tobacco Tax Regulatory Bureau, Field Enforcement Division of the Office of the State Comptroller. The unit monitors the operation of the alcoholic beverages and tobacco industries by licensing and collecting taxes from manufacturers and wholesalers.

Alcoholic beverages are also regulated on the local level by one or, in some cases, two entities. In each of the 23 counties and in Baltimore City and the City of Annapolis, a board of license commissioners regulates alcoholic beverages by issuing licenses to retail licensees, such as operators of liquor stores, restaurants, and bars. In addition, liquor control boards operate alongside boards of license commissioners in Montgomery, Somerset, Wicomico, and Worcester counties. A liquor control board regulates alcoholic beverages by operating its own wholesale distribution system or its own collection of retail liquor stores, called dispensaries, or both.

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

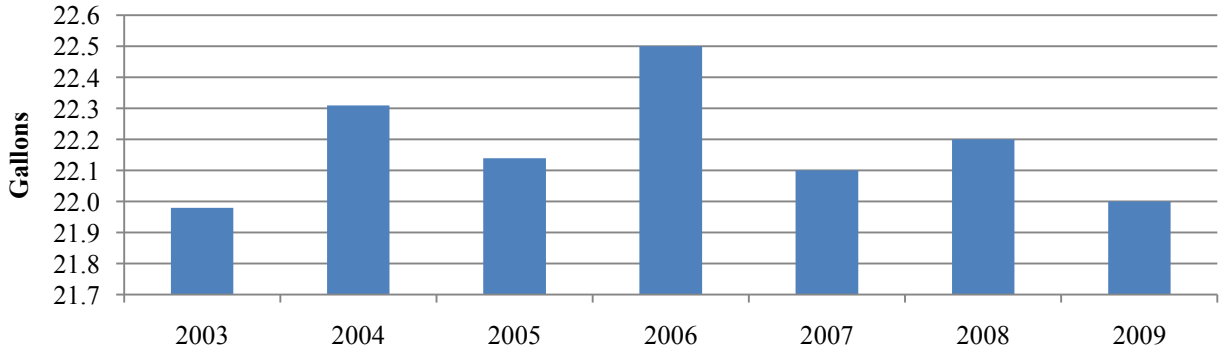
Per capita consumption of alcoholic beverages in Maryland equated to 22.0 gallons of distilled spirits, wine, and beer in fiscal 2009. The consumption rate reached its lowest level since 2003. Exhibit 10.1 shows the per capita consumption trend in gallons for the last seven fiscal years.

From fiscal 2008 to 2009 wholesale distilled spirit deliveries increased 3% statewide from 9.47 to 9.74 million gallons. During the same time period, wholesale beer deliveries declined 2% from 102.7 to 101.1 million gallons, and wine deliveries increased 2% from 12.8 million gallons to 13.0 gallons.

Cigarette stamp sales, which indicate the approximate number of packs sold at retail, were approximately 271 million in fiscal 2009 an increase of 11% from 2008. Except for fiscal 2008, annual cigarette consumption has totaled at least 270 million packs since fiscal 2004, as shown in Exhibit 10.2. A portion of the decline in 2008 may

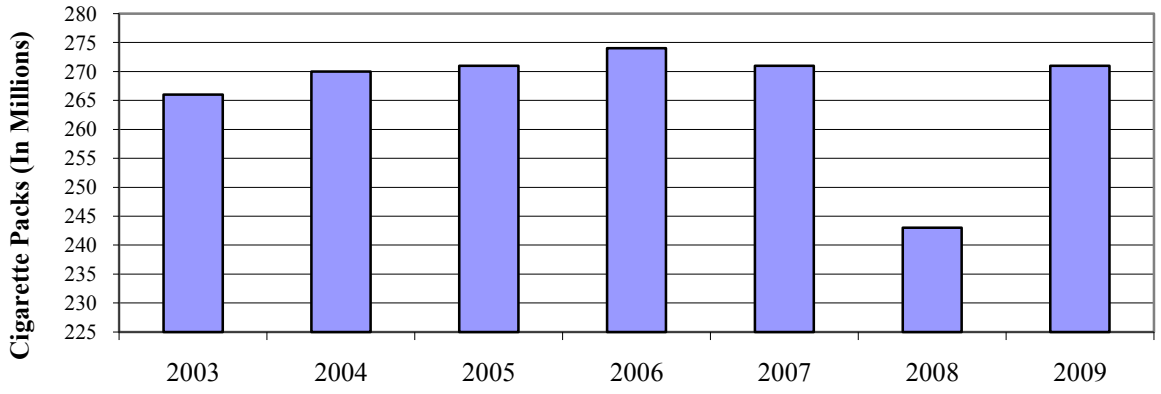
be attributed to an increase in the cigarette tax enacted in the 2007 special session of the General Assembly.

Exhibit 10.1
Per Capita Alcohol Consumption
Fiscal 2003-2009



Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

Exhibit 10.2
Cigarette Consumption
Fiscal 2003-2009



Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

Licensing

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

Alcoholic Beverages

Manufacturers and wholesalers of alcoholic beverages must obtain a license through the Motor-fuel, Alcohol, and Tobacco Tax Unit of the Revenue Administration Division. There are 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. In addition, the Tax Unit also issues 23 types of permits for a variety of activities, including storing or transporting alcoholic beverages, holding alcohol awareness programs for alcoholic beverages license holders and their employees, and engaging in bulk private sales of alcoholic beverages to promoting, selling, or offering for sale alcoholic beverages to manufacturers, wholesalers or retailers in the State. In 2009, the Tax Unit issued more than 50,000 permits and collected $778,440 in permit fees.

The retail sale of alcoholic beverages is primarily regulated by local boards of license commissioners and local liquor control boards. Appendix 4 contains the phone numbers and addresses of these boards. Six types of retail licenses issued by the 23 counties, Annapolis, and Baltimore City, and four types of retail licenses issued by the Alcohol and Tobacco Tax Bureau are indicated in Exhibit 10.4. An “on-sale” license permits consumption of purchased alcoholic beverages on the business premises (*e.g.*, in a restaurant). An “off-sale” license, on the other hand, prohibits the business from allowing purchasers to consume purchased alcoholic beverages on that business premises.

Exhibit 10.3
Alcohol Manufacturer and Wholesaler Licenses Issued
Fiscal 2003-2009

	Annual Fee	2003	2004	2005	2006	2007	2008	2009
Manufacturers' Licenses								
Class 1 Distillery	$2,000	0	0	0	0	0	2	1
Class 2 Rectifying	600	40	28	31	28	30	35	58
Class 3 Winery	750	0	0	0	0	0	0	0
Class 4 Limited Winery	200	12	13	20	28	33	37	39
Class 5 Brewery	1,500	4	4	8	6	6	4	6
Class 6 Pub-Brewery	500	1	1	1	1	1	1	1
Class 7 Micro-Brewery	500	19	19	16	13	16	12	15

	Annual Fee	2003	2004	2005	2006	2007	2008	2009
Wholesaler Licenses								
Class 1 Beer, Wine, Liquor	$2,000	28	31	30	27	40	40	37
Class 2 Wine and Liquor	1,750	8	15	18	18	21	25	20
Class 3 Beer and Wine	1,500	7	8	5	11	9	8	11
Class 4 Beer	1,250	27	25	25	25	20	9	12
Class 5 Wine	1,250	20	20	19	15	26	29	26
Class 6 Limited Wine	50	N/A	N/A	N/A	12	23	31	29
Permits								
Storage, Transportation, etc.		71,946	50,291	53,863	56,069	60,318	52,436	50,087
Total		**72,112**	**50,455**	**54,036**	**56,253**	**60,543**	**52,669**	**50,342**

Note: Due to prorating of license fee, revenues collected may not coincide with the number of licenses issued. Permit fees vary according to the type of permit.

Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

Retail classes of licenses are issued for the sale of beer; wine; beer and wine; beer, wine, and liquor; or wine and liquor. In fiscal 2009, of the 7,131 retail licenses issued by local authorities, approximately 3% were beer licenses or wine licenses; 19% were beer and wine licenses; and 78% 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 2003-2009

		2003	2004	2005	2006	2007	2008	2009
Class A	Off-sale (Carry-out packaged containers)	1,634	1,620	1,610	1,614	1,610	1,600	1,599
Class B	On- or off-sale (Hotels, Restaurants)	2,798	2,911	3,000	3,015	3,143	3,218	3,218
Class C	On-sale (Clubs)	633	695	606	618	623	606	581
Class D	On- and off-sale (General)	1,110	1,091	1,091	1,095	1,060	1,057	1,169
Class BD-7	On- or off-sale (Baltimore City)	504	501	499	524	494	506	527
CAT	On-sale (Caterer's)	16	14	28	24	31	31	37
Subtotal Local		**6,695**	**6,832**	**6,834**	**6,890**	**6,961**	**7,018**	**7,131**
Class E	On-sale (Water Vessel*)	66	61	51	54	78	74	103
Class F	On-sale (Railroad*)	2	2	2	2	2	2	2
Class G	On-Sale (Airplane*)	12	10	12	12	11	12	10
SCAT	On-sale (Caterer's statewide)	32	30	35	35	35	40	47
Subtotal State		**112**	**103**	**100**	**103**	**126**	**128**	**162**
Total		**6,807**	**6,935**	**6,934**	**6,993**	**7,087**	**7,146**	**7,293**

*Issued by the Motor-fuel, Alcohol, and Tobacco Tax Unit

Source: Article 2B of the Annotated Code of Maryland; Motor-fuel, Alcohol, and Tobacco Tax Unit

In addition to their licensing functions, the local boards of license commissioners 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 jurisdiction has a set of restrictions or regulations related to the sale and consumption of alcoholic beverages. Each legislative session, the Maryland General Assembly reviews numerous local liquor bills that impact the local jurisdictions. Some examples of local legislative proposals include:

- authorizing the selling of a class of license within a local jurisdiction;

- increasing an annual license fee for a class of license within a local jurisdiction;

- setting the time of day/night, the number of hours, or specified day restrictions for the selling of alcoholic beverages for a class of license within a local jurisdiction;

- altering the requirements to qualify for a class of license (*i.e.*, minimum seating capacity, average daily receipts, and capital investment);

- specifying the consideration of factors before issuing a new license (*i.e.*, the public need and desire for the license and the impact on the general health, safety, and welfare of the community);

- specifying conditions a location in a local jurisdiction has to meet before selling alcohol beverages (*i.e.*, selling in an area of the location where food is sold);

- providing exemptions for licensure of a class license within a local jurisdiction;

- requiring notification to specified government agencies if a class of license is issued within a local jurisdiction (*i.e.*, special entertainment permit); and

- restricting the number of licenses of a class of license that may be issued within a local jurisdiction.

Flavored Malt Beverages

Until 2008, for regulatory and tax purposes, the State Comptroller's Office routinely treated the alcoholic beverages commonly referred to as "flavored malt beverages" (FMBs) or "alcopops" as though they fit the definition of beer under State law, even though "flavored malt beverages" were not explicitly included in the definition. In 2008 a question arose concerning whether flavored malt beverages should be treated as beer under State law. In an opinion issued in that year, the Attorney General concluded that flavored malt beverages fell within the State definition of distilled spirits rather than beer. Among its findings, the opinion noted that the flavors of malt beverages, which are popular among young people, are derived from added sweeteners rather than from malt and other material used in fermentation and that most flavored malt beverages contain very little actual beer base.

Overriding this opinion, Chapter 702 of 2008 explicitly expanded the definition of "beer" to include flavored malt beverages. Under Chapter 702, persons need to possess only a beer license, as opposed to a beer, wine, and liquor license, to sell them. In addition, flavored malt beverages are taxed at the 9 cents per gallon rate for beer and not the $1.50 per gallon rate for distilled spirits. The law applies to beverages that fit the flavored malt beverage determination of the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury. Beverages of that nature contain 6% or less alcohol by volume, derived primarily from the fermentation of grain, with not more than 49% of the volume of the finished product consisting of alcohol derived from flavors and other added nonbeverage ingredients containing alcohol.

The Maryland Winery Modernization Act

The number of licensed wineries in the State has grown significantly in the past five years, from 17 to 41. Statistics compiled by the Comptroller's Office, which issues licenses for wineries, indicate that the amount of wine sold by Maryland wineries has more than tripled in 10 years.

In keeping pace with this growth, Chapters 355 of 2010 changed the State winery laws in several ways. While simplifying the licensing process for limited wineries (that is, wineries that in general use only available Maryland agricultural products), the Act greatly broadened the scope of operations and activities of a limited winery licensee. Further, the measure established a permit for liquor stores and certain other alcoholic beverages licensees, enabling them to sell wine at farmer's markets that are listed by the Maryland Department of Agriculture.

Under Chapter 355, a limited winery is allowed to use available Maryland agricultural products to (1) ferment and bottle wine; (2) distill and bottle pomace brandy;

(3) sell and deliver the wine and pomace brandy to a wholesale licensee or permit holder in the State or a person outside the State that is authorized to acquire the wine and pomace brandy; and (4) sell its wine and pomace brandy in limited quantities to persons participating in a guided tour of the winery.

Chapter 355 significantly expanded the ability of a limited winery to sell its product to visitors to its facility. In addition to selling or providing on its premises samples of wine and pomace brandy that it produces, a limited winery may also sell or serve its visitors a wide variety of food items, including soup, cured meat, bread, chili, and ice cream.

Tobacco

Although to a lesser extent than alcoholic beverages, tobacco sales are also regulated in Maryland. An excise tax is required on all cigarettes and other tobacco products consumed by residents. For cigarettes, this is evidenced by a tax stamp that appears on all packs. Persons or entities acting as a manufacturer, vending machine operator, wholesaler or subwholesaler, or a storage warehouse must obtain a license. The types of cigarette licenses issued in fiscal 2003 through 2009 are presented in Exhibit 10.5.

Exhibit 10.5
Cigarette Licenses Issued
Fiscal 2003-2009

	Annual Fee	2003	2004	2005	2006	2007	2008	2009
Wholesaler	$750	69	62	71	65	61	59	65
Subwholesaler	500	42	38	35	31	33	32	30
Vendor	500	5	3	3	3	2	1	1
Manufacturer	25	16	13	13	12	11	8	14
Storage Warehouse	25	0	0	2	1	3	2	1
Total		**132**	**116**	**124**	**112**	**110**	**102**	**111**

Source: Motor-fuel, Alcohol, and Tobacco Tax Unit

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

offering, accepting, inducing or attempting to induce a rebate in price or a concession of any kind in connection with the sale or purchase of cigarettes.

Enforcement

The Field Enforcement Division of the Comptroller is responsible for enforcing State laws that prohibit unlawful activities, such as the illegal importation, manufacture, transportation, or distribution of alcoholic beverages. The division also investigates violations by manufacturers, wholesalers, and retailers of the alcoholic beverages law under Article 2B of the Maryland Annotated Code. The division confiscates contraband alcoholic beverages and tobacco on which the tax has not been paid and which have been illegally imported, distributed, or sold in Maryland.

Cigarette Fire Safety

Under a measure passed by the General Assembly in 2007, cigarettes manufactured or sold in Maryland must conform to fire safety standards in force in several other states. Specifically, the manufacture or sale of cigarettes are prohibited if more than 25% of cigarettes in test trials exhibit full-length burns, according to performance standards established by the American Society of Testing and Materials' Standard Test Method for Measuring the Ignition Strength of Cigarettes. The Comptroller, in consultation with the State Fire Prevention Commission, may adopt a comparable standard if the alternate test method does not result in a change in the percentage of full-length burns exhibited by any tested cigarette. In certain circumstances, a test method and performance standard used in another state must be adopted if the other state has enacted a reduced ignition standard and has approved performance and testing standards comparable to those required in Maryland.

Cigarette manufacturers must submit written certification attesting that each cigarette has met the performance standards; a certification may not list more than 50 cigarettes. Certified cigarettes have to be clearly marked. Civil penalties for false certification, failure to provide requested testing information, and sale of cigarettes that do not meet State requirements accrue to the Senator William H. Amoss Fire, Rescue, and Ambulance Fund. Cigarettes that do not meet certification requirements may be seized and destroyed.

For further information contact:

Comptroller of Maryland
Motor-fuel, Alcohol, and Tobacco Tax Regulatory Bureau,
Field Enforcement Division
Revenue Administration Division
Louis L. Goldstein Treasury Building, Room 310
P.O. Box 2999
Annapolis, Maryland 21404-2999
410-260-7131
Website: 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 department plans, finances, constructs, maintains, and operates all modes of the State's transportation systems. The administrations within the department and the independent Maryland Transportation Authority, as listed in Exhibit 11.1, conduct the department's regulatory activities. Exhibit 11.1 also displays each entity's fiscal 2011 appropriation for operating and capital expenditures. This chapter focuses on the regulatory functions of the department (involving highways, motor vehicles, railroads, port and marine terminals, and aviation) and the authority (involving toll facilities).

Other State agencies involved in the regulation of the transportation system are also discussed. For detailed information on the department's and the authority's operations and programs, see *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 2011 Appropriations – Operating and Capital
($ in Millions)

State Highway Administration	$ 1,166.6
Motor Vehicle Administration	183.5
Maryland Transit Administration	1,046.9
Washington Metro. Area Trans. Auth.	326.5
Maryland Port Administration	136.9
Maryland Aviation Administration	198.4
Maryland Transportation Authority	1,185.3
Office of the Secretary	264.1
Total Appropriations	**$ 4,508.2**

Note: The above figures include all funds. Appropriations for the State Highway Administration include highway user revenues, and appropriations for the Office of the Secretary include debt service. Total may not add due to rounding.

Source: Department of Legislative Services

Highways – State Highway Administration

The State Highway Administration, created in 1970, regulates the construction and maintenance of Maryland highways and roads. The administration is responsible for maintaining over 5,100 miles of interstate, primary, and secondary roads, and over 2,500 bridges. In addition, the State has designated 19 byways that draw focus to Maryland's scenic beauty, history, and culture. These byways encompass almost 2,500 miles of roads and can be found in every region of the State.

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

Entrances to Highways

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

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

Along with the permit application, a person must submit an engineering fee of $50 per point of access to a State highway and a performance bond equal to 150% of project costs within the State right-of-way. In some cases, the division may require additional documents, such as letters from adjacent property owners, or additional payments such as traffic signal fees. A permit will not be issued until relocation of each utility affected by the project is authorized. In fiscal 2009, the division issued 158 permits that generated approximately $730,000 in revenue.

In April 2010, Governor Martin O'Malley announced the creation of the Highway Access Permit Stakeholder Group to streamline the process for granting access permits to connect new developments to highways. The review group, comprised of 22 members, includes real estate developers, engineers, county planners, economic development officials, and representatives from the State's environmental agencies and the Maryland Department of Transportation. The group's final report, due in the fall of 2010, will include an assessment of current procedures, a review of best practices nationwide, a review of the use of technology (including a web-based system for applicants to check the status of a pending application), and regulatory and legislative recommendations.

For further information contact:

Engineering Access Permits Division
State Highway Administration
Maryland Department of Transportation
707 North Calvert Street, Mail Stop C-302
Baltimore, Maryland 21202
410-545-5600
Website: http://www.marylandroads.com

Vehicle Weight and Size Limits

Maryland strictly regulates vehicle weight and has adopted the federal bridge formula and table, commonly known as the "Bridge Table." Based on research and experience gained by Maryland, other states, and the federal government, the Bridge Table is designed to minimize the damage to bridges and pavement caused by a heavy load that spans too short a distance between the axles of a vehicle. According to the Federal Highway Administration, of all 5,183 interstate, State, or local bridges in Maryland, 372 were considered structurally deficient (closed or restricted to light traffic) and 971 were functionally obsolete (defined as having major components such as lane width failing to meet current design standards). Of those bridges maintained by the State, 120 were structurally deficient and 413 were functionally obsolete.

The administration, through the Hauling Permit Section, may issue a permit allowing an oversized or overweight vehicle to carry a load that is impossible to disassemble. The section issues approximately 420 permits daily, and in fiscal 2009, issued 152,891 permits generating almost $11.5 million in revenue.

Further, the administration enforces stringent standards on the height, length, and width of transport vehicles. These requirements are specified in Exhibit 11.2; however, various exemptions and exceptional hauling permits exist.

Exhibit 11.2
Maximum Dimensions of Transport Vehicles in Maryland

Vehicle	Length	Width
Single Unit Truck, Bus (private), Class M Motor Home on interstate or State primary road systems	45 ft. on interstate or shortest route between highway and specified locations	102 inches unless special conditions apply.* Width can exceed 102 inches with a permit (for State highways) or special permission from local authorities (for local highways)
Tractor-trailer Combination	53 ft. on interstate and State primary	Same as above
Tractor-twin Trailer Combination	28 ft. max./trailer	Same as above
Any other combination	55 ft.	Same as above
Auto or Boat Transporter	65 ft. (75 ft. for stinger-steered)	Same as above
Saddle-mount and full-mount combination	97 ft.	Same as above
Bus (publicly owned)	Rigid body – 41 ft. 3-axle articulated – 60 ft.	Same as above
Other	35 ft.	Same as above

*The administration or local authority may prohibit highway use by a vehicle exceeding a certain width if that use would endanger road users, cause excessive road deterioration, or harm adjacent property.

Source: Maryland Department of Transportation; Title 24, Subtitle 1 of the Transportation Article

For further information contact:

Motor Carrier Division
State Highway Administration
Maryland Department of Transportation
7491 Connelly Drive
Hanover, Maryland 21076
410-582-5712
Website: http://www.marylandroads.com

Outdoor Advertising

To erect an outdoor advertising sign along a State highway, a person may need to obtain approval from the appropriate city or county under its zoning laws or from the administration. A State sign permit is required for all advertising signs within 500 feet of the State highway system, except within a municipality.

A State permit is not required if the sign (1) advertises the sale or lease of property on which the sign is located; (2) advertises a business and is within 100 feet of a building owned by, or an entrance to, that business; (3) advertises a Maryland historic shrine, or a county or church fair; (4) advertises a political position or candidate (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, or if it is in an urban area and located more than 660 feet from the edge of the right-of-way. Federal/State agreements specify the size, lighting, and spacing requirements for billboards in these areas. Also, federal 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.

Outdoor advertising license fees vary from $50 annually to $700 annually, depending on the number of advertising signs erected. Annual outdoor advertising sign permit fees range from $10 per face to $35 per face, depending on size. The Outdoor Advertising Section issued 153 licenses and 4,120 permits in fiscal 2009, generating almost $70,000 in revenue.

For further information contact:

Outdoor Advertising Section
State Highway Administration
Maryland Department of Transportation
707 North Calvert Street
Baltimore, Maryland 21202
410-545-2817
Website: http://www.marylandroads.com

Installation/Alteration of Traffic Controls and Information Signs

If a person wants to have traffic controls (lights, signals, signs) installed, altered, or removed from the State's primary or secondary highway system, the person must petition the administration for review and approval. Residential and commercial land developers pay the installation and power costs for signal installations at intersections involving their access roads. If a State road intersects with a municipal street, the State pays the full cost of the traffic signal; if a State road intersects a county road, the costs are shared. Local governments pay for signals on local roads.

The 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
Website: http://www.marylandroads.com

Motor Vehicles – Motor Vehicle Administration and Public Service Commission

With the exception of some motorized passenger services, vehicle services in Maryland are regulated by the Motor Vehicle Administration. Established in 1910, the administration serves customers through a network of customer service offices, electronic kiosks, the Internet, a telephone customer service center, and Vehicle Emissions Inspection Program stations. The Information Systems Center, located in Glen Burnie, houses the data processing services for the entire administration. In fiscal 2010, it is estimated that 90% of the administration's information and services will be 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;

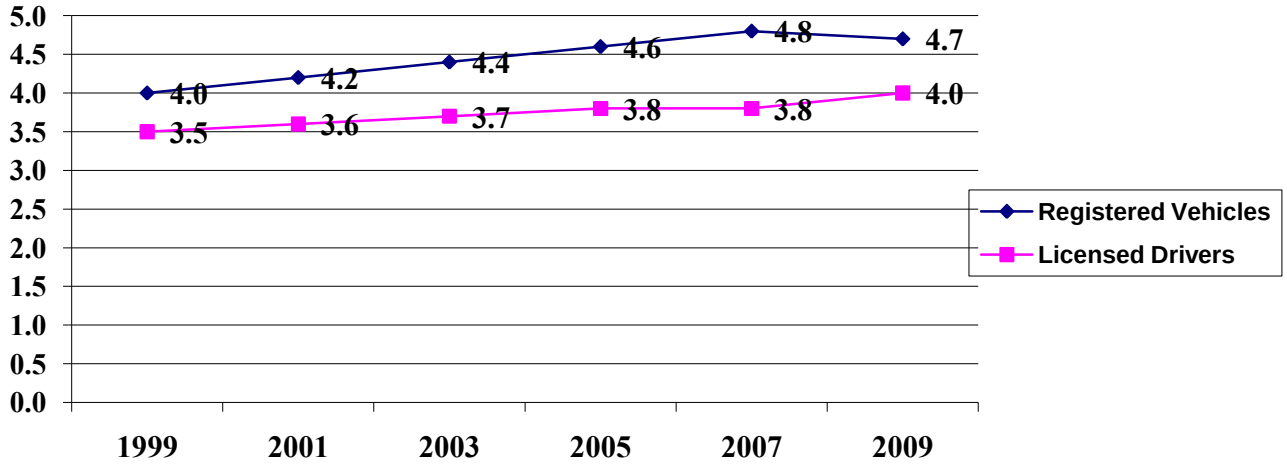
telecommunications companies; water and sewage disposal companies; passenger motor vehicle carriers (sedans, limousines, and buses); and taxicabs in four local jurisdictions. Although the commission has some regulatory authority over railroads, the commission generally has not needed to exercise it since railroads are primarily regulated by the federal government.

The commission regulates common carriers engaged in the transportation for hire of persons (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 1999 to 2009.

Exhibit 11.3
Licensed Drivers and Vehicles Registered
Calendar 1999-2009
(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 Transportation Trust Fund and used to build and maintain the State's highways, bridges, airports, mass transit, port facilities, and railroads.

Other services provided by the administration include:

- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- providing photo identification cards for nondriver residents;
- regulating motor vehicle dealers, vehicle rental companies, and driver education schools; and
- administering the compulsory insurance compliance program, vehicle emissions inspection program, and driver safety program.

The administration licenses all motor vehicle dealers, sales persons, manufacturers, and distributors. It also requires title service agents, wreckers, scrap processors, professional driving schools, and driving school instructors to be licensed; and controls the issuance of a special mobile equipment vehicle registration. The administration jointly administers the Vehicle Emissions Inspection Program with the Maryland Department of Environment.

Since 1987, Maryland has participated in the Driver License Compact with 45 other states. Under this compact, member states report convictions of vehicle and traffic law offenses to the violator's home state; all convictions from compact states are posted to the Maryland record. Maryland also participates in the Nonresident Violator Compact, which standardizes methods to process nonresident violators who fail to comply with outstanding moving traffic summons (*e.g.*, failure to appear in court).

The 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 federal REAL-ID Act requires federal agencies to accept only personal identification cards that meet certain standards for official purposes. The U.S. Department of Homeland Security issued final REAL-ID regulations in January 2008. The purpose of this Act is to increase the security of state issued forms of identification. Proof of legal presence is a condition required by the REAL-ID Act, and licenses and identification cards from states that are not in compliance will not be accepted by federal agencies for official purposes such as boarding airplanes and entering federal buildings.

As of April 2009, Maryland was one of five states (along with Hawaii, New Mexico, Utah, and Washington) that extended the privilege to drive to individuals who do not have lawful status. With the enactment of Chapter 390 of 2009, Maryland established a two-tier approach to issuing licenses and identification cards. As of June 1, 2009, all new applicants for a Maryland driver's license or identification card are now required to provide a verifiable Social Security number and demonstrate proof of lawful presence in the United States in addition to the residency and identification requirements.

Under Chapter 390, the Motor Vehicle Administration may issue drivers licenses and identification cards to individuals who held the document sought for renewal on April 18, 2009, regardless of lawful status or the absence of a valid Social Security number. However, the administration documents issued on or after July 1, 2010, must expire on July 1, 2015, and the administration may no longer undertake this two-tier issuance after July 1, 2015. In addition to providing one tier of administration documents to individuals who cannot demonstrate lawful status or do not possess a valid Social Security number, the two-tier approach also enables the administration documents to be issued to individuals who encounter identity verification problems in the verification process prescribed by federal regulations.

Individuals who verify citizenship or lawful status are eligible to receive one of the documents for a period of up to five years as determined by the administration, or for only as long as the individual's lawful status remains valid. Examples of acceptable documentation to prove lawful presence include: a valid unexpired U.S. passport; a certified copy of a birth certificate; a consular report of birth abroad issued by the U.S. Department of State; a valid unexpired permanent resident card issued by the U.S. Department of Homeland Security, a certificate of naturalization or citizenship issued by the U.S. Department of Homeland Security; an unexpired foreign passport with a valid unexpired United States visa affixed and an approved I-94 form documenting the driver's most recent admittance into the United States; and other documents that may be added based on federal law.

For further information contact:

Motor Vehicle Administration
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
Website: http://www.mva.maryland.gov

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

Truck Safety and Commercial Drivers' Licenses

State and federal laws aimed at ensuring commercial truck safety have increased in scope over the last decade. State law allows the temporary seizure of vehicles for inspection, weighing or measuring, and sets penalties for failure to stop for an inspection or weighing. Following the terrorist attacks on September 11, 2001, the focus has also included inspections of chemical, biological, and nuclear transporters. In fiscal 2008, the Maryland State Police conducted approximately 105,866 roadside inspections of commercial trucks in fiscal 2009 and 101,233 in fiscal 2010 of which an estimated 35,678 (34%) and 30,732 (30%), respectively 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
410-787-2990
Toll Free Customer Service Center: 800-950-1682
Website: http:// www.mva.maryland.gov

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 24 months old or qualified hybrid vehicles less than 36 months after first being registered in the State;
- vehicles owned by individuals aged 70 and over or with certain disabilities who drive less than 5,000 miles each year;
- emergency vehicles;
- certain vehicles over 26,000 pounds;
- vehicles powered solely by diesel or electric;
- zero emission vehicles;
- vehicles registered as a farm truck, farm truck tractor, or farm area vehicle; and
- historic or antique vehicles.

The inspection fee is $14. Diesel vehicles with a gross weight above 10,000 pounds, which had initially been exempt, are subject to spot roadside testing under a program 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. The administration may enforce the program through administrative sanctions, including: suspension of the vehicle registration; denial of vehicle registration renewal; or confiscation of the vehicle registration plates. In addition, the owner of a diesel vehicle with a gross weight above 10,000 pounds 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
Website: http:// www.mva.maryland.gov

Taxicabs and Motor Carrier Companies

Regulation of motorized passenger services (taxicabs in four local jurisdictions and for-hire motor vehicle companies) is the responsibility of the Public Service Commission. A taxicab company that operates in Baltimore City, Baltimore County, or the cities of Cumberland or Hagerstown, as well as any passenger-for-hire motor vehicle in the State, must have a permit issued by the commission. At the end of calendar 2009, the commission regulated 1,483 taxicab permits held by over 519 taxicab companies and 1,706 taxi drivers. Further, the commission regulated 1,098 passenger for-hire motor vehicle companies, 6,969 passenger-for-hire vehicles, and 7,591 for-hire drivers.

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;
- public transportation in Allegany, Frederick, and Washington counties; and
- shuttle bus service operated by the University of Maryland, College Park (until June 30, 2011, unless further action is taken by the General Assembly).

Taxicabs located in jurisdictions that are not regulated by the commission are regulated at the local level in some jurisdictions. The following jurisdictions have their own division that licenses taxicab companies: Anne Arundel (City of Annapolis), Carroll (City of Westminster), Frederick, Harford, Howard, Montgomery (City of Frederick), Prince George's, and Worcester (Town of Ocean City) counties. In counties where there are only a few taxicabs, there is no licensing requirement but the local police or sheriff's department may have some oversight role.

A taxicab driver in the jurisdictions regulated by the commission or a passenger-for-hire motor vehicle driver in the State is required to have a valid for-hire driver's license issued by the commission. In fiscal 2009, the commission received 172 complaints against taxicabs and 96 complaints against for-hire drivers. Of the complaints received, no permits were revoked. A local jurisdiction other than Baltimore City, Baltimore County, Cumberland, and Hagerstown may issue a taxicab license after it determines that the permit or license would be in the best interest of the public welfare and convenience.

A taxicab or passenger-for-hire motor vehicle company is required to obtain a liability insurance policy or surety policy approved by the commission. A taxicab company is required to post in a taxicab a schedule of fares that is easily readable by the passengers. A taxicab, except in Hagerstown, must be equipped with an accurate meter that is subject to commission inspection.

For further discussion of the regulation of public utilities by the commission, please refer to Chapter 12 of this volume.

For further information contact:

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

Railroads – Maryland Transit Administration and Department of Labor, Licensing, and Regulation

Since the creation of the Baltimore and Ohio Railroad in 1828, the rail system has been vital to Maryland's economy. Two Class I freight railroads, six local or terminal railroads, and Amtrak (the national passenger railroad) serve Maryland with a total of 1,037 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 2010

Railroad Companies	Miles
CSX Transportation	474
Norfolk Southern	269
National Railroad Passenger Corp. (Amtrak)	90
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
MTA Frederick Branch	3
Total	**1,037**

Source: Maryland Transit Administration

The Maryland Transit Administration is responsible for operating and maintaining rail freight services and public commuter buses, metro subway, Maryland Area Regional Commuter (MARC) trains, and light rail systems. Federal and State regulations govern the operation of rail services, with input from nongovernmental bodies.

Regulatory requirements are imposed principally at the federal level by the Surface Transportation Board, the Federal Railroad Administration, and the Federal Transit Administration. The Division of Labor and Industry in the Department of Labor, Licensing, and Regulation enforces State requirements dealing with railroad safety. The Public Service Commission also has regulatory authority over the location and construction of railroads. Guidance is also provided by the Association of American Railroads.

For further information contact:

Maryland Transit Administration
Maryland Department of Transportation
6 St. Paul Street
Baltimore, Maryland 21202
410-539-5000
Toll Free: 866-RIDE MTA
Website: http://www.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 24 railroad accidents and incidents in fiscal 2009 – of these accidents, 3 involved fatalities, 4 involved injuries, and 17 resulted in property damage. The unit also participates in the national Operation Lifesaver Program to promote safety at highway-railroad grade crossings. A telephone recording system enables the prompt

reporting of train accidents and serious injuries that occur at night, on a weekend, or on a holiday.

For further information contact:

Railroad Safety and Health
Division of Labor and Industry
Department of Labor, Licensing, and Regulation
1100 North Eutaw Street, Room 601
Baltimore, Maryland 21202
410-767-2990
Website: http://www.dllr.state.md.us/labor/safety/rail.shtml

Ports and Marine Terminals – Maryland Port Administration

The Maryland Port Administration, established in 1956 and placed under the Maryland Department of Transportation in 1971, supervises the activities at marine terminal facilities located at Dundalk, Seagirt, North and South Locust Point, the Intermodal Container Transfer Facility and the Fairfield and Masonville Automobile Terminals. The administration also owns Baltimore's World Trade Center, a multi-storied Class A office building located at the Inner Harbor.

The administration markets the Port of Baltimore throughout the world. The port, which marked its three-hundredth anniversary in 2006, links Maryland's abundant agricultural, industrial, and maritime resources to a global network of business activities and has a vital role in Maryland's economic development. Out of about 360 U.S. ports, the Port of Baltimore is ranked first among all ports in the United States for handling roll-on/roll-off cargo, trucks, imported forest products, imported sugar, imported gypsum, and imported iron ore. Activity at the port generates approximately 16,700 direct jobs, and the port is responsible for about $3.7 billion in personal wage and salary income. In 2008, the total dollar value of foreign commerce that moved through the port's public and private terminals reached an all-time high of $45.3 billion. As a result of the recession, this total slipped to $30.2 billion in 2009. 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. In 2006, a permanent cruise terminal opened at South Locust Point. The Port of Baltimore will offer 91 cruises in 2010 on three major cruise lines – Carnival, Celebrity, and Royal Caribbean. This is an increase from 27 cruises in 2008. The number of total passengers on these cruises is expected to increase from under

100,000 in 2008 to over 450,000 by 2011. Cruise destinations in 2010 include the Bahamas, Bermuda, the Caribbean, and Canada/New England.

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.

In December 2009, the Board of Public Works approved a 50-year lease of the Seagirt Marine Terminal to Ports America Chesapeake (PAC), a member of the Ports America Group (the largest independent terminal operator in the United States). This long-term lease is the State's first fully completed public-private partnership. PAC will operate Seagirt, and in exchange, PAC will fund and construct a 50-foot berth at Seagirt and purchase four new super post-Panamax cranes. PAC will return approximately 65 acres of land currently leased at the Dundalk Marine Terminal, make certain payments to the State and Baltimore City, and will set the rates and collect all revenues at Seagirt.

For further information contact:

Maryland Port Administration
Maryland Department of Transportation
The World Trade Center
401 East Pratt Street
Baltimore, Maryland 21202
410-385-4444
Toll Free: 800-638-7519
Website: http://www.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 (BWI Marshall Airport), one of the three major airports in the Baltimore-Washington area, served almost 21 million customers in calendar 2009. Compared with the other two major airports in the Baltimore-Washington area, BWI Marshall Airport had a market share of 34.0% in calendar 2009, compared with a 37.5% market share for Dulles International Airport and a 28.5% market share for Ronald Reagan Washington National Airport.

Passenger growth has remained relatively steady. After declining by 2.6% from 2007 to 2008, the number of passengers at BWI Marshall increased by 2.2% between 2008 and 2009. BWI Marshall Airport 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. Typical soundproofing improvements include replacement of windows and exterior doors, additional caulking and weather stripping, tight-fitting closures or baffles on exterior vents, and increased attic insulation. The administration also offers technical assistance to Maryland communities for compliance with federal aeronautical regulations and State policies.

For further information contact:

Maryland Aviation Administration
Maryland Department of Transportation
P.O. Box 8766
BWI Airport, Maryland 21240-0766
410-859-7111
Toll Free: 800-435-9294
Website: http://www.marylandaviation.com/

Toll Facilities – Maryland Transportation Authority

The Maryland Transportation Authority is the governing body for the State's toll facilities. The authority maintains its own trust fund and is financially and legally separate from the Maryland Department of Transportation. The authority is governed by the Secretary of Transportation, who is the chairman, and a group of eight citizens appointed by the Governor with the advice and consent of the Senate. The authority is self-supporting and finances its transportation facility projects, including the operation, maintenance, and improvement of toll facilities, through revenue bonds and toll revenues. Additional income is derived through concession contracts with vendors on the Kennedy Memorial Highway. In fiscal 2009, the authority generated around $275 million in toll revenues and $8 million from concessions.

The authority operates seven toll facilities – bridges, tunnels, and the Kennedy turnpike – that are located in three regions of the State.

North: John F. Kennedy Memorial Highway (I-95)
Thomas J. Hatem Memorial Bridge (Harford County – Susquehanna River U.S. 40)

Central: Baltimore Harbor Tunnel (I-895)
Fort McHenry Tunnel (I-95)
Francis Scott Key Bridge (Baltimore I-695)

South: Harry W. Nice Memorial Bridge (Potomac River U.S. 301)
William Preston Lane, Jr. Memorial Bridge (Chesapeake Bay Bridge U.S. 50/301)

In addition to these toll facilities, the authority owns and operates I-395 leading to Baltimore City and the Intermodal Container Transfer Facility (which it leases to CSX Railroad). More recently, the authority has been working in partnership with the State Highway Administration to construct the $2.6 billion InterCounty Connector, a new east-west highway that will link I-270 to I-95. It is anticipated that this project will be completed in 2014. In addition, the authority is constructing I-95 Express Toll Lanes in each direction from I-895 north to north of MD 43. It is expected that construction of this project will be completed in 2014.

In January 2009, the authority approved a cost-recovery initiative that was expected to generate $60 million annually. The plan included ending the sale of commuter and shoppers ticket books and transitioning customers to E-ZPass; increasing toll rates for multi-axle vehicles; implementing a monthly service charge for E-ZPass

accounts; charging for the cost of new and replacement E-ZPass transponders; decreasing the duration of E-ZPass commuter plans from 60 days to 45 days; and increasing the fine for toll violations. Because the toll and fee increases coincided with a 2.9% decline in traffic, the authority only realized approximately $35 million in additional revenue in fiscal 2010.

For further information contact:

Maryland Transportation Authority
2310 Broening Highway, Suite 150
Baltimore, Maryland 21224
410-537-1001
Toll Free: 866-713-1596
Website: http://www.mdta.maryland.gov

Hazardous Materials Restriction

Vehicles carrying bottled propane gas (in excess of 10 pounds per container and maximum of 10 containers); bulk gasoline, explosives, a significant amount of radioactive materials, or certain other hazardous materials are prohibited from using the Fort McHenry or Baltimore Harbor tunnels. Vehicles carrying Class 1 explosives (mass explosion, projection, fire, or no significant blast hazard) or radioactive materials must have permission from the authority to cross an authority toll bridge. A full listing of prohibited materials can be obtained from the authority's subtitle in the Code of Maryland Regulations (COMAR 11.07.01.00, *et seq*.).

For further information contact:

Maryland Transportation Authority Police
Tunnel Command
4330 Broening Highway
Baltimore, Maryland 21224
410-537-1200
Website: http://www.mdta.maryland.gov

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, other special programs, and unregulated services. Further, the chapter briefly describes the Office of the People's Counsel, which represents residential and noncommercial interests relating to utilities before the commission, and notes the Maryland Energy Administration, which promotes energy efficiency and the development of renewable energy sources.

Organization of the Public Service Commission

The commission consists of five commissioners, appointed by the Governor with the advice and consent of the Senate, who serve five-year staggered terms. Five major work units carry out the commission's administrative and regulatory duties:

- Office of General Counsel;
- Hearing Examiner Division;
- Office of the Executive Secretary;
- Office of External Relations; and
- Office of the Executive Director (technical staff).

The Office of General Counsel provides legal advice, represents the commission in external administrative proceedings, and defends commission orders in State and federal courts. The office plays an active role in the commission's regulatory enforcement activities, responds to requests for information (Public Information Act requests), and reviews legal issues such as those involving the Environmental Trust Fund, the federal Energy Policy Act, the implementation of the federal Telecommunications Act of 1996, and the commission's oversight of the standard offer service bidding process for electricity supply. The office also provides assistance for other initiatives.

The Hearing Examiner Division conducts formal proceedings in matters referred by the commission and files proposed orders with the commission. Division proceedings involve applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas fuel rate

adjustments; matters relating to bus, trucking, passenger common carrier, water, and sewage disposal companies; plant equipment and depreciation; and consumer complaints not resolved at the administrative level. During 2009, the commission delegated 399 cases to the division, of which 357 related to transportation matters.

As the administrator of the commission's daily operations and recordkeeping, the Office of the Executive Secretary is responsible for case management, procurement of expert services, order preparation, purchasing and procurement, regulations, tariff maintenance, and the Equal Employment Opportunity Program. The office consists of four divisions: administrative (case management, document management, regulation management, and operations); fiscal (fiscal and budget management and purchasing and procurement management); informational technologies; and personnel. The office establishes the commission's docket, maintains official records, and carries out the commission's directives regarding the assignment and completion of duties within the commission. The executive secretary is also a member of a team of policy advisors to the commission.

The Office of External Relations investigates and responds to consumer inquiries and complaints relating to gas, electric, water, and telephone services. The office also mediates disputes between consumers and utility companies. In 2009, the office investigated 7,204 consumer complaints and fulfilled 1,028 requests for information concerning the commission, utilities, and suppliers. Other responsibilities of the office include providing consumer education and developing retail competition for electricity and natural gas. Each year, the office responds to numerous inquiries regarding electric restructuring, participates in community outreach efforts on electric customer choice and other issues, and organizes and attends conferences on energy assistance for low-income residential consumers.

The Office of the Executive Director coordinates the work of the commission's technical staff in analysis of utility filings and operations, presentation of testimony in formal and informal proceedings, and support of the commission's regulatory oversight activities. The technical staff provides expertise on accounting and financial issues; manages the statewide utility meter accuracy quality control program; enforces electric utility compliance with national reliability and safety standards; is responsible for ensuring hazardous liquid and gas pipeline safety; and conducts economic, financial, and policy analyses relevant to utility regulation. The office oversees the eight divisions of the commission's technical staff:

- accounting investigations (audit of utility books);
- electricity (regulation and analysis relating to electricity);

- telecommunications, gas, and water (regulation and review of rate and tariff filings);
- integrated resources planning (analysis of long-range plans for reliably meeting electricity demand);
- staff counsel (direction and coordination of the technical staff's position in matters pending before the commission);
- transportation (enforcement of laws and regulations pertaining to safety, rates, and services of the passenger-for-hire industry);
- engineering (monitoring and inspection of the operations of electric, water, and sewage plants and natural gas and hazardous liquid pipelines); and
- demand side management (monitoring of electric and gas utility energy efficiency, conservation, and demand reduction programs).

Regulatory Authority of the Public Service Commission

The commission exercises jurisdiction over electric distribution companies and electricity suppliers, gas distribution companies and gas suppliers, combination gas and electric distribution companies, telecommunications companies, water companies, sewage disposal companies, combined water and sewage disposal companies, common carriers (passenger-for-hire motor vehicle companies, vehicles, and drivers; railroad companies; taxicab company and driver permits; and the State's only private toll bridge company), and hazardous liquid pipelines. Commission jurisdiction over railroad companies is secondary to federal jurisdiction. Exhibit 12.1 shows the public service entities regulated by the commission in fiscal 2009.

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
As of December 31, 2009

Electric Distribution Companies	12
Gas Distribution Companies	7
Combined Gas and Electric Distribution Companies	2
Electricity Suppliers	106
Gas Suppliers	63
Telecommunications Companies	322
Water Companies	19
Sewage Disposal Companies	1
Combined Water and Sewage Disposal Companies	3
Railroad Companies	6
Passenger-for-hire Motor Vehicle Companies	1,098
Passenger-for-hire Vehicles	6,969
Passenger-for-hire Drivers	7,591
Passenger-for-hire Water Companies[1]	10
Toll Bridge Companies	1
Taxicab Permits	1,483
Taxicab Companies	519
Taxicab Drivers	1,706

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) the acquisition of gas and electric companies; (6) adoption and enforcement of new rules and regulations; (7) the construction and modification of power plants; and (8) the quality of utility and common carrier services. In addition to these functions, the commission collects and maintains records and reports of public service companies; reviews plans for service, inspects equipment; audits financial records, handles consumer complaints; defends

[1] Regulation of passenger-for-hire water companies has been transferred to the Department of Natural Resources, effective October 1, 2010, *See* Chapter 449 of 2010.

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) ensuring the quality of utility and common carrier service; (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:

- electric distribution companies, gas distribution companies, and combined gas and electric distribution companies (known as local utilities);
- water companies, sewage disposal companies, and combined 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.

Electric Distribution, Gas Distribution, and Combined Gas and Electric Distribution Companies

Gas and electric distribution companies must comply with specific regulations of the commission. These regulations, which have the force of law, govern (1) construction of generating stations and transmission lines; (2) modification of generating stations, including operating equipment and procedures; (3) installation of electric metering and submetering in apartment houses; (4) commission testing and authorization of all gas and electric meters, including submeters, used for billing purposes; and (5) the companies' treatment of customers.

Natural Gas

In the Maryland natural gas market, the commission regulates gas distribution companies, including monitoring retail competition and customer choice, to ensure that safe, reliable, and affordable gas service is provided. Large industrial consumers were the first group to receive gas in a competitive market in 1995. The commission allowed smaller business and residential consumers to purchase natural gas from competitive supply in a restructured natural gas market in 1996. In 2010, the commission regulated 7 gas distribution companies (Chesapeake Utilities; Washington Gas Company; Penn Fuel Gas, Inc; Elkton Gas Company; Easton Shore Gas Company; Columbia Gas of Maryland; and Thompson Distribution, Inc.) and 2 combined gas and electric distribution companies (Baltimore Gas and Electric Company and Easton Utilities Commission) and, as of the end of fiscal 2010, licensed 80 competitive gas suppliers. As of March 2010, competitive gas suppliers served about 12% of the approximately 1.1 million residential accounts, 29% of the approximately 78,000 firm service commercial and industrial accounts, and 86% of the approximately 1, 000 daily-metered and interruptible accounts.

Electricity

The commission relies on several of the divisions in the Office of the Executive Director (Integrated Resource Planning, Engineering, and Demand Side Management) to evaluate utility alternatives when it considers options for maintaining a reliable electric system. These alternatives include new generating capacity, power purchases, energy conservation and efficiency, cogeneration, and renewable energy resources. The commission evaluates these alternatives in an effort to ensure that adequate and reliable service is provided to electric customers at the lowest system cost.

The commission also considers necessary features in evaluating utility system planning and operations. These features include (1) diversity, reliability, dispatch ability, and other factors of risk; (2) the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of these savings over time; and (3) the treatment of demand and supply resources on a consistent and integrated basis.

Electric Restructuring and Competitive Supply: After several years of debate in the legislature and in regulatory circles, legislation was enacted in 1999 to restructure the electric utility industry in Maryland. Under the Electric Customer Choice and Competition Act of 1999, electric restructuring's primary feature consisted of "customer choice" for customers of all investor-owned utilities effective July 1, 2000, along with customer protections, a new universal service program for low-income customers, and environmental protections that address a restructured electric framework.

Before restructuring, the electricity industry had provided three main services through a vertically integrated monopoly: the generation of electricity; the transmission of that electricity on high-capacity lines to distribution networks; and the distribution of the electricity to customers. The electric utility companies then "bundled" these three services and provided them to their customers within geographically defined exclusive service territories. Restructuring took the generation component out of this bundled service package. The resulting customer choice allows a customer to purchase electricity generated by any licensed source and have the electricity delivered over transmission and distribution lines of the electric company – the local electric distribution utility. A customer has the option to retain the electric company as its electricity supplier under "standard offer service" as described below. There are four large electric companies that are 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 customers of electric cooperatives, access to customer choice nominally began July 1, 2003. There are two principal electric cooperatives in Maryland, Choptank Electric Cooperative on the Eastern Shore and Southern Maryland Electric Cooperative (SMECO). There are also two out-of-state cooperatives that serve small portions of Maryland, A&N Electric Cooperative and Somerset Rural Electric Cooperative. 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; none has yet done so. 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.

The 1999 Act intended to soften the transition to retail competitive electric supply market rates by mandating two comprehensive mechanisms to protect electric customers from rate increases: a mandated rate reduction and a rate cap. The investor-owned utilities implemented these reduced capped rates under commission-approved settlement agreements. The last of the price caps expired on December 31, 2008; accordingly, all residential customers of these utilities and the two largest electric cooperatives are now receiving market-based standard offer service or are taking competitive supply.[2]

"Standard offer service" is electricity that a customer purchases from its electric company, the still-regulated utility that distributes electricity to the customer. The electric company purchases this electricity in bulk and makes it available, at a price that varies with the customer class, to any customer who (1) does not choose a new

[2] The price caps for Allegheny Power, which serves Western Maryland, expired on December 1, 2008. However, Allegheny Power instituted a Rate Stabilization and Transition Plan under which participating residential customers could elect to have their rates transition gradually to market rates until the end of 2010.

(competitive) electricity supplier; (2) has not been offered customer choice; (3) contracts for competitive electricity supply that is not delivered; or (4) has been denied service by an electricity supplier. Under this obligation to serve, the cost of standard offer service is set at a market price sufficient to provide the electric company with the opportunity to recover verifiable, prudently incurred costs to procure or produce the electricity plus a reasonable return.

With the expiration of the mandated price caps and reductions, residential standard offer service customers are now subject to market rates. As of the end of fiscal 2010, the commission has licensed 132 companies as competitive electricity suppliers in the State. Nevertheless, due to a number of factors including the length and level of prices under the caps and regulatory uncertainty, the retail competitive market in Maryland started slowly. For several years, few competitive electricity suppliers offered residential retail products in the State, although more suppliers entered the market for commercial and industrial customers. Even so, 11 years after enactment of electric restructuring legislation, the great majority of residential customers still purchase electricity through standard offer service from their distribution utilities rather than from competitive electricity suppliers. Exhibit 12.2 shows the competitive electricity suppliers in Maryland that are actively seeking new customers by customer class and service territory, and the total number of electricity suppliers licensed to provide services to those customer classes in those territories.

Exhibit 12.2
Electricity Suppliers Active and Licensed in Maryland by Service Territory
As of June 2010

Service Territory	Residential		Commercial		Industrial		Other	
Active/*Total Licensed*								
Allegheny	**4**	*32*	**43**	*87*	**43**	*83*	**17**	*20*
BGE	**12**	*36*	**55**	*98*	**53**	*91*	**17**	*21*
Delmarva	**6**	*33*	**46**	*92*	**45**	*85*	**17**	*22*
PEPCO	**7**	*33*	**51**	*92*	**48**	*85*	**17**	*20*
SMECO	**0**	*14*	**8**	*36*	**8**	*34*	**3**	*8*
Choptank	**0**	*9*	**7**	*29*	**7**	*28*	**3**	*4*

Note: The first figure for each customer class, in **bold**, is the number of active suppliers in that customer class in the service territory; the second figure, in *italics*, is the number of electricity suppliers licensed to serve the customer class in the service territory. The latter figure includes anyone licensed as any kind of "electricity supplier" (a supplier, aggregator, broker, or biller). It also includes any electricity supplier with a currently valid license, whether or not the supplier is now serving or has ever served customers in the State.

Source: Public Service Commission

As of May 2010, competitive electricity suppliers serve about 6.7% of the approximately 2 million residential accounts, 24% of the approximately 185,000 small commercial accounts, 52% of the approximately 53,000 medium commercial accounts, and 88% of the approximately 1,500 large industrial accounts. On a volume basis, competitive electricity suppliers serve approximately 42% of the State's peak load obligations.

In the aftermath of the lifting of price caps in the BGE service territory, which resulted in a 72% increase in average residential electricity prices in 2006, the legislature altered the process for procuring electricity supply for standard offer service in order to limit price volatility and protect residential and small commercial customers. The procurement of supply for standard offer service is accomplished through a series of bidding auctions during the year for blocks of supply. The standard offer service product can (1) include a blended portfolio of short-, medium-, and long-term contracts to address different portions of customer load; and (2) include cost-effective energy-efficiency and conservation measures. Also, the names of successful bidders in the auction must be disclosed. In implementing the legislation, the commission has revisited the procurement process for standard offer service. For residential service, the commission currently requires electric companies to use a series of rolling two-year contracts auctioned four times each year.

The 2006 legislation also established a process for deferring a portion of BGE's 72% increase, with the deferred amount to be repaid in accordance with commission proceedings. A portion of the increase was deferred and paid for through issuance of bonds. Although residential standard offer service costs continued to increase through 2009, changes in electricity markets later allowed rates to decline with BGE residential standard offer service customers seeing a decrease of 8.4% effective June 1, 2010.

PEPCO and Delmarva residential standard offer service customers, whose price caps expired on June 30, 2004, and who had experienced a more gradual transition to market prices, were offered the opportunity to defer a portion of their cost increases without needing to secure the deferred portion – few did so. Allegheny residential standard offer service customers, whose price caps expired on December 31, 2008, were later given the opportunity to phase in their increase to market rates a year early in order to smooth out their increase over several years – most customers participated.

Other Energy Programs

In addition to its oversight of the gas and electric industries and the Power Plant Research Program described below, the commission is also involved in other energy-related programs, including the Renewable Energy Portfolio Standard Program, the transmission planning process at PJM, the Regional Greenhouse Gas Initiative, and the EmPOWER Maryland Act.

- Renewable Energy Portfolio Standard: Since 2006, electricity suppliers have been required to meet an increasing portion of their energy supply needs with renewable energy with minimum percentages of Tier 1 and Tier 2 sources under the portfolio standard. Tier 1 sources include solar, wind, qualifying biomass, methane from certain landfill systems or wastewater treatment plants, and geothermal. Tier 2 sources are hydroelectric power other than pump storage generation and waste-to-energy. The creation, sale, and transfer of renewable energy credits (RECs) from Tier 1 and Tier 2 sources are used to comply with the standard. Suppliers who fail to acquire sufficient RECs to satisfy their portfolio obligations must pay a compliance fee as a financial penalty. The fee supports the creation of Tier 1 sources in Maryland. The goal of the standard is to have at least 20% of the State's energy supply provided by Tier 1 renewable sources in 2022 and beyond, of which at least 2% must be derived from solar energy.

- Transmission Planning Process at PJM: PJM Interconnection, LLC is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Increasing demand for electricity in the eastern states has caused severe and increasing congestion that interferes with the ability of regional transmission facilities to deliver electricity economically and reliably to customers in Maryland and other states in the northeastern portion of the PJM region. The congestion has caused FERC and PJM to impose financial penalties in order to spur development of additional transmission and generating capacity to serve these regions. Several projects have been proposed to alleviate the congestion (Trans-Allegheny Interstate Line [TrAIL] and Potomac Appalachian Trail Highline [PATH] by Allegheny and Mid-Atlantic Power Pathway [MAPP] by PHI, the parent company of PEPCO and Delmarva).

- Regional Greenhouse Gas Initiative: RGGI is a cap-and-trade program among 10 northeastern and mid-Atlantic states that have agreed to cap CO_2 emissions from power plants and other significant emitters and then lower that cap by 10% by 2018, compared with 2006 figures. Participating states use an auction to distribute allowances to electric power plants and other facilities. Maryland's

share of auctioned CO_2 allowances supports conservation and energy efficiency programs and provides rate relief to electric customers.

- EmPOWER Maryland Program: The program requires electric companies to propose cost-effective energy efficiency and conservation programs and services designed to result in a 5% reduction of per capita energy consumption and total peak load by the end of 2011 and a 10% reduction by the end of 2015, compared with 2007 consumption. The commission has approved many of these programs which should help to maintain reliability and stabilize energy costs while lessening the need for new power plants.

Water, Sewage Disposal, and Combined Water and Sewage Disposal Companies

Twenty-three private companies provide water services, sewage disposal services, or both to Maryland residents. Under State law, a private water or sewage disposal system for public use may not be constructed without prior approval of the commission. The approval process includes a review of all proposed financing plans for the system. Governmental agencies and municipal corporations are exempt from this review.

The commission also reviews interjurisdictional water supply activities. For example, a county or municipal corporation may supply water to another county, sanitary district, or municipal corporation. The entity receiving the water may submit a written application requesting the commission to fix or alter the water rates. The commission may then fix or alter these rates, effectively treating the supplying county or municipal corporation as a water company.

Finally, the commission has the authority to alter rates for sewage disposal. Any county or municipal corporation may submit a written application requesting the commission to fix or alter rates for sewage disposal service supplied within the county or municipal corporation by another county or municipal corporation. The commission may then fix or alter these rates, effectively treating the supplying subdivision as a sewage disposal company. This rate-setting function does not apply to contracts establishing rates for sewage disposal service between supplying and receiving subdivisions.

Telecommunications Companies

In regulating telecommunications, the commission reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates local service companies, the intrastate services of long distance ("interexchange") companies, and companies that resell interexchange service. Further,

the commission monitors the quality of service by these providers and the administration of telephone numbering resources; administers the certification of payphone providers; and monitors low-income telecommunication services, enhanced 9-1-1 services, and telecommunications relay services.

Verizon Maryland, Inc. (formerly Bell Atlantic-Maryland, formerly C&P Telephone) is the traditional provider of local telephone service in virtually all of Maryland. However, as of July 2010, Verizon faces competition from approximately 322 licensed competitive local exchange carriers, of which 138 are facilities-based (the remainder resell wholesale services). In 2009, the commission licensed seven new competitive local exchange carriers and nine new long distance carriers, and certified 127 payphone service providers and 11,067 payphones in Maryland. Approximately 285 companies offer resold long distance services and 122 offer resold local services. Further, five companies offer prepaid local service to residential customers.

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 under applicable federal law 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; for-hire railroad companies; and taxicab permits in Baltimore City, Baltimore County, Cumberland, and Hagerstown.

In fiscal 2010, the commission regulated 1,079 passenger-for-hire motor vehicle companies, 5,410 passenger-for-hire motor vehicles, 6,875 passenger-for-hire drivers, 12 passenger-for-hire water carriers, and 1,482 taxicab permits that are held by 519 taxicab companies and used by 1,705 taxi drivers. However, the regulation of passenger-for-hire water carriers was transferred to the Department of Natural Resources effective October 1, 2010. (*See* Chapter 449 of 2010.) 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 Power Plant Research Program in the Department of Natural Resources. The program, established in 1971 as the Power Plant Siting Program, was renamed in 1986 as a part of the department's Power Plant and Environmental Review Division. Originally established to explore issues for siting nuclear power plants, the program now assesses the environmental impacts on air quality, ground and surface water, and wetlands associated with all proposed electric power plants and transmission lines. The program is charged with ensuring that Maryland meets its long-term electricity demands at reasonable cost while protecting the State's valuable natural resources.

Based on the program's findings, the department makes recommendations to regulatory bodies such as the commission during licensing and permitting proceedings. The activities of the program include (1) predicting the impact of proposed new generating facilities; (2) evaluating the acceptability of proposed transmission line routes; (3) assessing the impact on existing generating facilities; (4) 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 ratepayers, whether located in or out of the State. Revenues generated from the surcharge are placed in the Environmental Trust Fund. As recently extended under Chapter 167 of 2009, the surcharge expires in June 2015.

Utilities and Related Services Not Regulated by the Public Service Commission

Although the commission regulates more than a dozen types of utilities, several similar industries and services are either unregulated or are regulated by other government entities. Exhibit 12.3 displays the most common utility-related industries and services that are not regulated by the commission. These include cable television, home heating oil, Internet service providers, municipally owned water companies, propane/bottled gas (also known as "bottle oil"), and wireless telecommunications.

Exhibit 12.3
Utility-related Industries and Services Not Regulated by the Public Service Commission

Cable Television	Subject to various federal statutes and the rules and regulations of the Federal Communications Commission (FCC). Regulated by various local municipal or county governments through franchising agreements
Home Heating Oil	Unregulated in Maryland
Internet Service Providers	Unregulated
Municipally Owned Water Companies	Local municipalities are direct service provider
Propane/Bottled Gas	Unregulated in Maryland
Wireless Telecommunications	Subject to licensure by FCC and deceptive practices enforcement by the Federal Trade Commission. Unregulated under Maryland law

Source: Public Service Commission

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.

Since 2005, cable companies have begun to enter the telephone market, while telephone companies have similarly entered the cable market. To enter the cable market, telephone companies must first negotiate hundreds of individual franchise agreements with county, city, and municipal officials. Agreements expire after several years and then must be renegotiated. To ease this process, some telephone companies have advocated changing State or federal law to allow them to enter the cable market on a statewide or

nationwide basis. According to NCSL, as of March 2010, 13 states offer state-level franchising of video distribution, including Virginia and Indiana. Many of these states have enacted laws governing rights-of-way, fees, and the level of service their residents would receive.

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. Consumers may report cases of suspected fraud to the Internet Crime Complaint Center. In 2000, the National White Collar Crime Center, the Federal Bureau of Investigation, and the Bureau of Justice Assistance partnered to form this entity to facilitate the flow of information among federal, state, local, and international law enforcement agencies and victims of Internet fraud. Further information about the center, and a means to file an online complaint with it, may be found 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 that are authorized to provide service within a specified service territory. The commission does not regulate municipally owned water companies, nor does it set rates for such entities as the Washington Suburban Sanitary Commission, which provides water and sewage disposal service in Montgomery and Prince George's counties.

Propane/Bottled Oil

As with home heating oil, the commission does not regulate bottled propane or gas due to sufficient competition in the industry. Consumers in contractual disputes with propane or bottled gas providers may contact the Consumer Protection Division of the Office of the Attorney General.

Wireless Telecommunications

Wireless or cellular telecommunications services, as well as Voice over Internet Protocol services, international, and inter-state telephone, are not regulated under Maryland law. Cellular telephone companies are specifically excluded from the definition of a "telephone company" under the Public Utilities Article. The Wireless Telecommunications Bureau of the Federal Communications Commission licenses cellular telephone companies, while the Federal Trade Commission handles actions for deceptive marketing or fraudulent investment schemes. Further information about the regulation of wireless telecommunications services may be found on the Internet at http://wireless.fcc.gov/.

For further information concerning the Public Service Commission contact:

Public Service Commission
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202
Phone: 410-767-8000
MD Toll Free: 1-800-492-0474
TTY Users call via Maryland Relay 1-800-201-7165
Email: info@psc.state.md.us
Website: http://www.psc.state.md.us/

Office of the People's Counsel

While the commission is the administrative agency that regulates the distribution and supply of utility services, the Office of the People's Counsel, an independent State agency, is an advocate that represents residential interests relating to utilities. The office represents residential and noncommercial customers before the commission and other State and federal agencies in actions related to electricity, natural gas, telephone, water and sewage disposal, and transportation.

For further information contact:

Maryland Office of the People's Counsel
William Donald Schaefer Tower
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
Phone: 410-767-8150
Toll Free: 1-800-207-4055
Fax: 410-333-3616
Email: Info@opc.state.md.us
Website: http://www.opc.state.md.us/

Maryland Energy Administration

The Maryland Energy Administration acts as the energy advisor to the Governor. With a changing energy industry and emerging new energy markets, the administration's strategic goals include making the State of Maryland a leader in energy efficiency; reducing energy costs for Maryland citizens; reducing greenhouse gas emissions from the energy sector; increasing the use of renewable energy; leveraging public/private partnerships in order to improve the competitive position of Maryland industry; and lowering the operating expenses of State and local governments while contributing to the improvement of air and water quality in Maryland.

To reach these goals, the administration is involved with several initiatives including the Regional Greenhouse Gas Initiative, the EmPOWER Maryland Act, and the Energy Efficiency Standards Act which sets State mandated efficiency standards for nine separate products.

For further information contact:

Maryland Energy Administration
60 West Street, Suite 300
Annapolis, Maryland 21401
Telephone: 410-260-7655; 800-72.ENERGY
Toll Free: 1-800-735-2258
Fax: 410-974-2250
Email: meainfo@energy.state.md.us
Website: http://www.energy.maryland.gov/

Chapter 13. Sports

Maryland regulates thoroughbred and harness racing, boxing, professional wrestling, kickboxing, and mixed martial arts to maintain the integrity of these sporting events and protect participants and the public interest. The Maryland Racing Commission and the State Athletic Commission, both under the Department of Labor, Licensing, and Regulation, oversee and enforce the State regulation of these activities.

This chapter discusses the regulatory structure governing these sports, the functions of the regulatory bodies, and the State's role in licensing sports agents.

Thoroughbred and Harness Racing

Horse racing is financed by the receipts from controlled legalized gambling on horses and is subject to extensive regulation. Since 1920, the Maryland Racing Commission has regulated horse racing in the State and sought to protect and promote the public interest in all matters pertaining to horse racing and wagering.

The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel wagering and other aspects of horse racing in the State. The commission:

- approves racing dates;
- approves specific types of wagering and collects wagering taxes;
- regulates the size of the purse and stake and the price of admission;
- regulates the charge made for an article or service sold at the meets; and
- 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 licenses issued in calendar 2003 through 2009 is summarized in Exhibit 13.1.

Exhibit 13.1
Horse Racing Licenses
Calendar 2003-2009

	2003	2004	2005	2006	2007	2008	2009
Thoroughbred Licenses	6,617	6,413	6,435	6,281	5,790	5,111	5,142
Harness Racing Licenses	2,770	2,507	2,365	2,345	1,982	1,228	1,304
Total Licenses	**9,387**	**8,920**	**8,800**	**8,626**	**7,772**	**6,339**	**6,446**

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.

In addition to betting on live races, an individual may bet on races simulcast from around the country to any of the State tracks or several off-track betting facilities. Maryland has four off-track betting facilities: the Cracked Claw in Frederick County, NorthEast Racing and Sports Club in Cecil County, the Cambridge Turf Club in Dorchester County, and the Riverboat on the Potomac in Charles County. The handle of the off-track betting location is included in the mutuel pools of the sending track. Locations may be licensed as off-track betting facilities if they include high quality dining and seating areas, have tele-theatre screen capacity, and are not within a 35-mile radius of a mile thoroughbred track or harness track (although this provision may be waived with approval from the affected parties).

Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at the Timonium Race Course during the State Fair. A track in Bowie is

used only for training and stabling horses. Fair Hill, a steeplechase facility, is permitted to have up to eight race days per year, although there has only been one race day per year since 2006. The Allegany Racing Association was issued a mile-thoroughbred track license in 2001 for a track in Allegany County; however, a track has yet to be built. Maryland has two harness race tracks: Rosecroft Raceway in Prince George's County and Ocean Downs in Worcester County. Exhibit 13.2 depicts the number of thoroughbred and standardbred race dates in calendar 2006 through 2009.

Exhibit 13.2
Live and Simulcast Racing Dates
Calendar 2006-2009

Thoroughbred Racing		**2006**	**2007**	**2008**	**2009**
Laurel Race Course					
	Live	153	148	134	125
	Simulcast	77	87	103	239
	Total	**230**	**235**	**237**	**364**
Pimlico Race Course					
	Live	31	31	31	20
	Simulcast	25	24	24	24
	Total	**56**	**55**	**55**	**44**
Timonium Race Course					
	Live	8	7	7	7
	Simulcast	2	3	3	3
	Total	**10**	**10**	**10**	**10**
	Total Live	**192**	**186**	**172**	**152**
	Total Simulcast	**104**	**114**	**130**	**266**
	Thoroughbred Total	**296**	**300**	**302**	**418**
Standardbred (Harness) Racing		**2006**	**2007**	**2008**	**2009**
Rosecroft Raceway					
	Live	104	96	43	6
	Simulcast	257	262	321	358
	Total	**361**	**358**	**364**	**364**
Ocean Downs Racetrack					
	Live	40	40	40	40
	Simulcast	323	323	323	323
	Total	**363**	**363**	**363**	**363**
	Total Live	**144**	**136**	**83**	**46**
	Total Simulcast	**580**	**585**	**644**	**681**
	Standardbred Total	**724**	**721**	**727**	**727**

Citing increasing financial pressures, Maryland tracks recently have taken measures to cut operating expenses. Rosecroft Raceway, in June 2008, received approval from the commission to temporarily cancel live racing at the track. Though the plan calls for the track to remain open for simulcast wagering, cancellation of live racing eliminates the need to pay purses and allows the track to reduce overhead costs. In calendar 2009 Rosecroft offered only six live racing dates. As of July 1, 2010, Rosecroft Raceway ceased all operations.

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 race tracks.

The State collects revenue in the form of pari-mutuel wagering taxes (0.32% tax) and license fees from horse racing. (For further information regarding horse racing taxes and fees, see *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% of the money went to thoroughbred purses and bred funds and 30% 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 have been provided since fiscal 2002.

During the 2007 special session, the General Assembly passed a constitutional amendment (Chapter 5) authorizing up to 15,000 video lottery terminals (VLTs) at five locations and a bill that established the operational and regulatory framework for VLTs

(Chapter 4). The constitutional amendment was passed by the voters at the 2008 general election. As a result, 7% of VLT proceeds, not to exceed $100 million annually, will be dedicated to horse racing purses when VLTs become operational. Eighty percent of the purse funds is allocated to the thoroughbred industry and 20% to the standardbred industry; out of the funds allocated to each industry, 85% would have gone to purses while 15% would have gone to the respective bred funds. Chapter 447 of 2009 altered the allocation so that 89% would go to purses and 11% to the bred funds.

For further information contact:

Maryland Racing Commission
Department of Labor, Licensing, and Regulation
300 E. Towsontowne Boulevard
Towson, Maryland 21286
(410) 296-9682
Website: http://www.dllr.state.md.us/racing/

Boxing, Wrestling, Kickboxing, and Mixed Martial Arts

The Maryland State Athletic Commission, established in 1920, sets forth the rules and regulations for amateur boxing matches and exhibitions and professional boxing, wrestling, and kickboxing matches and exhibitions. Chapters 607 and 608 of 2008 extended the commission's regulatory authority to mixed martial arts contests and established related license fees and requirements. 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. As of August 1, 2010, six mixed martial arts events have been held in the State since Chapters 607 and 608 were enacted.

In addition, the commission adopts regulations concerning ticket sales, facilities and equipment, and contractual relationships between promoters or managers and boxers, wrestlers, kickboxers, or mixed martial arts contestants. Health and safety regulations established by the commission include standards for contestant physicals, ophthalmologic and neurologic health, medical suspensions, and promoter/contestant safety responsibilities. The commission also regulates the drug testing of contestants.

Except in certain limited situations, a promoter of a live boxing, kickboxing, wrestling, or mixed martial arts event is required to pay the greater of $200 or 10% of the gross receipts from the event. An individual or organization that shows a boxing, kickboxing, wrestling, or mixed martial arts event on a pay-per-view cable or satellite transmission basis is required to pay a 10% tax on the gross proceeds from the event.

The licenses issued by the commission during fiscal 2007 through 2010 are summarized in Exhibit 13.3 Annual license fees include $150 for a promoter; $25 for a matchmaker or manager; $15 for a judge or referee; and $10 for a boxer, wrestler, kickboxer, or mixed martial arts contestant.

Exhibit 13.3
Licensing of Boxing, Wrestling, and Kickboxing
Fiscal 2007-2010

	2007	2008	2009	2010
Licenses Issued	667	613	635	818
Shows Supervised				
Boxing	16	17	21	17
Wrestling	31	26	21	33
Kickboxing	0	1	0	0
Mixed Martial Arts	N/A	N/A	0	5
Medical Examinations	1,272	1,244	1,505	1,640
Investigations	4	11	10	15
Administrative Actions	71	90	90	95

Source: State Athletic Commission

For further information contact:

State Athletic Commission
Department of Labor, Licensing, and Regulation
500 North Calvert Street, Room 304
Baltimore, Maryland 21202
410-230-6223
Website: http://www.dllr.state.md.us/license/ath/

Sports Agents

The Department of Labor, Licensing, and Regulation licenses individual and corporate athlete agents who seek to represent student-athletes. An "athlete agent" is a person who enters into an agency contract with a student-athlete or directly or indirectly

recruits or solicits a student-athlete to enter into an agency contract. A "student-athlete" is an individual who engages in, is eligible to engage in, or may be eligible in the future to engage in any intercollegiate sport. A "student-athlete" includes an individual who is or was a member of a high school sports team. Licensure of agents requires the disclosure of an applicant's training, experience, education, and legal history.

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. About 35 individuals are licensed athlete agents each year.

For further information contact:

Department of Labor, Licensing, and Regulation
Licensure of Sports Agents
500 North Calvert Street, Room 302
Baltimore, Maryland 21202
410-230-6271
Website: http://www.dllr.state.md.us/license/sports/

Chapter 14. Occupational and Professional Licensing

The quality of services provided by individuals and entities in a wide variety of business occupations and professions can significantly affect public health, safety, and welfare. To ensure minimum standards of competency, the following State agencies regulate a significant number of businesses, occupations, and professions:

- Department of Labor, Licensing, and Regulation;
- Department of State Police;
- Office of the Attorney General;
- Court of Appeals; and
- Department of Public Safety and Correctional Services.

The regulatory functions of these State agencies are accomplished through various occupational and professional boards, commissions, and programs. The laws regulating these professions are 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 of occupations and professions in Maryland through its many boards, offices, commissions, units, and other licensing structures. Except for the State Athletic Commission and the licensure of sports agents (described in Chapter 13 of this handbook), the division's licensing boards, commissions, and programs are described in this chapter. The Division of Financial Regulation regulates collection agencies, which along with the other regulatory functions of the division, are described in Chapter 7 of this handbook. The Division of Labor and Industry regulates employment agencies.

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. In 2007, legislation was enacted to establish the board as a special funded entity so that its fees cover the actual documented direct and indirect costs of operating the board.

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. In 2008, the authority to issue limited licenses to individuals and entities that practice in Maryland but do not maintain an office in the State was repealed.

The board issues three types of licenses – active certified public accountant, inactive certified public accountant, and reciprocal – and three types of permits – corporation, limited liability company, and partnership.

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 $60 fee for application review. The board charges $20 for an active certified public accountant original license and $80 for a biennial renewal. The board charges $80 for an original business permit and $160 for a biennial renewal. The board collected $1,144,219 in licensing and related fees in fiscal 2008 and $1,603,734 in fiscal 2009, at which time there were 19,736 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
Website: http://www.dllr.maryland.gov/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 esthetic services; or providing nail technician services. To qualify for a cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) successfully complete at least

1,500 hours of training in a cosmetology school or training by serving as a registered apprentice under the supervision of a licensed senior cosmetologist in a beauty salon or barbershop that holds a valid permit; and (3) pass a written and practical examination. The board may waive the examination requirement for an individual who is licensed to practice as a cosmetologist in another state.

An individual may also submit an application for a limited cosmetologist license to provide esthetic services or nail technician services. To qualify for a limited cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) complete training in the field of focus; and (3) pass a written and practical examination.

A person who wishes to operate a barbershop or beauty salon must obtain a permit from the appropriate board. A person may operate a beauty salon as a limited practice beauty salon and offer cosmetology services limited to providing esthetic services 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, 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 2009, the Board of Barbers issued 6,267 licenses, and the Board of Cosmetologists issued 47,977 licenses. The Board of Barbers collected $203,211 in licensing and related fees in fiscal 2008 and $221,857 in fiscal 2009. The Board of Cosmetologists collected $992,496 in licensing and related fees in fiscal 2008 and $1,039,052 in fiscal 2009.

For further information contact:

State Board of Barbers
500 North Calvert Street, Room 201
Baltimore, Maryland 21202-3651
410-230-6320
Website: http://www.dllr.maryland.gov/license/occprof/barber.html

State Board of Cosmetologists
500 North Calvert Street, Room 201
Baltimore, Maryland 21202-3651
410-230-6320
Website: http://www.dllr.maryland.gov/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 and Funeral Directors. For more information about the board, see Chapter 9 of this handbook.

The office investigates and mediates consumer complaints involving cemeteries or burial goods sold by State-registered cemetery personnel. The office also enforces and monitors the ethical standards related to the operation and sale of cemetery and burial goods to protect the citizens of Maryland from unfair and unscrupulous practices in the cemetery industry.

Sellers of preneed goods and services, including funeral directors and morticians, must distribute a general price list, disclose all the goods and services reasonably expected to be required at the time of need but not included in the preneed contract, and disclose the buyer's cancellation and refund rights. All preneed sellers of caskets or casket vaults must deposit in a trust or escrow account 80% of the payment for caskets or casket vaults.

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. Subsequent legislation was enacted in 2007 to extend the termination date of the office to 2013 and extended the applicability of a number of the Act's requirements to unregistered individuals and businesses without permits that operate cemeteries or provide burial goods.

Registration and permit fees are based on the number of contracts sold and renewed biennially. In fiscal 2009, the office issued 1,340 registrations and permits. The office collected $598,973 in licensing and related fees in fiscal 2008 and $282,386 in fiscal 2009.

For further information contact:

Office of Cemetery Oversight
Advisory Council on Cemetery Operations
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6229
Website: http://www.dllr.maryland.gov/license/occprof/cemetery.html

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 4,957 licensed master electricians in the State in fiscal 2009. The board collected $161,915 in licensing and related fees in fiscal 2008 and $123,046 in fiscal 2009.

For further information contact:

State Board of Master Electricians
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Website: http://www.dllr.maryland.gov/license/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 mechanic erects, constructs, wires, alters, replaces, maintains, repairs, dismantles, or services elevators, dumbwaiters, escalators, and moving walks. An elevator renovator contractor engages in the business of performing work, and an elevator renovator mechanic performs work, on the interior of an elevator involving the removal or installation of the nonstructural surface of the elevator's wall, ceiling, floor, rail, or handle that does not affect the elevator's moving operation.

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 is required to adopt regulations governing the qualifications for an elevator renovator contractor license and an elevator renovator mechanic license; as of September 2010, no regulations have been adopted.

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. The board collected $56,158 in licensing and related fees in fiscal 2009.

For further information contact:

Elevator Safety Review Board
500 North Calvert Street, 3rd Floor
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/license/occprof/elev.htm

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 required 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.

Legislation enacted in 2008 authorizes the commissioner to initiate an investigation regarding employment agencies that fail to submit a penal bond and to establish civil penalties for noncompliance. As of September 2, 2009, 42 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
Website: http://www.dllr.maryland.gov/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 as individual trees in suburban or urban settings. To qualify for a license, an applicant must meet experience and education criteria. The board may enter into reciprocal agreements with boards in other states. To qualify for a renewal license, the licensee must complete certain continuing education courses.

The board charges $55 for an original license and $100 for a biennial renewal. There is an additional $45 application fee. In fiscal 2009, the board issued licenses to 192 foresters. The board collected $3,455 in licensing and related fees in fiscal 2008 and $16,635 in fiscal 2009.

For further information contact:

State Board of Foresters
500 North Calvert Street, Room 304
Baltimore, Maryland 21202-3651
410-230-6271
Website: http://www.dllr.maryland.gov/license/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.

Legislation enacted in 2009 exempts specified out-of-state contractors from the State's licensing requirements if these individuals have relocated to the State because of a family member's reassignment due to the Base Realignment and Closure process.

The board 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 2009, the board issued 17,296 licenses. The board collected $252,149 in licensing and related fees in fiscal 2008 and $207,111 in fiscal 2009.

For further information contact:

State Board of Heating, Ventilation, Air-Conditioning and
Refrigeration Contractors
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Website: http://www.dllr.maryland.gov/license/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. In 2008, the categories were expanded to include the regulation of mold remediation companies and firms. Home improvement services include the construction, improvement, or replacement, on land adjacent to the building, of a driveway, fall-out shelter, fence, garage, landscaping, porch, or swimming pool; connection, installation, or replacement, in the building or structure, of a dishwasher, disposal, or refrigerator with an icemaker to existing exposed household plumbing lines;

installation, in the building or structure, of an awning, fire alarm, or storm window; and work done on individual condominium units. Home improvement services do not include work performed on apartment buildings that contain four or more single-family units or work performed on the commonly owned areas of condominiums.

To qualify for a contractor, subcontractor, or salesperson license, an applicant must pass an examination. An applicant for a contractor license must demonstrate financial solvency by providing a list of total assets and liabilities, a statement of net worth, and a credit report. Additionally, the applicant must have at least two years of relevant work experience 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 $20,000 from the fund. Contractors may be required to contribute additional fees whenever the fund is in danger of falling below $250,000. The commission investigates complaints by homeowners and determines whether a homeowner is entitled to an award from the fund.

The commission charges $325 for an original contractor license and $379.61 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 2009, there were 27,233 licensees. The commission collected $1,906,743 in licensing and related fees in fiscal 2008 and $2,243,679 in fiscal 2009.

For further information contact:

Maryland Home Improvement Commission
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6309
Website: http://www.dllr.maryland.gov/license/occprof/homeim.html

Individual Income Tax Preparers

The State Board of Individual Tax Preparers was established by Chapter 623 of 2008 (Maryland Individual Tax Preparers Act). According to the Department of Labor, Licensing, and Regulation, Chapter 623 has not been implemented because the

necessary staff and corresponding funds have not yet been authorized to create the board. However, the fiscal 2011 budget includes a $201,611 special fund appropriation to implement the Act.

Individuals are required to register with the board before providing individual tax preparation services in the State. Providing individual tax preparation services means to prepare, advise, or assist in the preparation of, or assume final responsibility for another person's preparation of a federal or State income tax return of another for valuable consideration. To qualify, an individual must be at least age 18, a high school graduate, and pass an examination equivalent to the Special Enrollment Examination prepared by the Internal Revenue Service. On receipt of a registration fee, the board is authorized to issue a registration to the applicant. Registration is valid for a period of two years, with continuing education requirements established for renewal. The board may approve a provider of continuing education services upon receipt of an application and fee.

A registered individual tax preparer must disclose certain information to a customer prior to rendering services, including the preparer's credentials and contact information. The preparer must sign a return that he or she prepares, obtain the customer's signature on a completed return, and maintain confidentiality.

The department projects an initial and renewal registration fee of $125 and expects to issue about 6,000 registrations every two years.

For further information contact:

State Board of Individual Tax Preparers
500 N. Calvert Street, 3rd Floor
Baltimore, Maryland 21202-3651
410-230-6220
Website: http://www.dllr.maryland.gov/license/taxprep/

Locksmiths

The Maryland Locksmiths Act, enacted under Chapters 551 and 552 of 2009, establishes that persons or businesses that provide locksmith services in the State must be licensed by July 1, 2010. However, the Department of Labor, Licensing, and Regulation advises that a necessary appropriation for the locksmith licensing program has not yet been made; therefore, licensure of locksmiths will not begin by the startup date specified by the Act.

To obtain a license, an applicant must provide the name, birth date, address, and telephone number of the business owner and each employee; a passport photo of the applicant and each employee; any locations where the applicant has conducted business during the past 36 months; the driver's license number of the owner and each employee; and the insurance policy number and name of the general liability insurer required by the Act. An applicant must be at least 18 years old. Applicants, and all prospective employees who are to perform locksmith services on behalf of a licensed locksmith, must also undergo a State and national criminal background check and pay all associated fees.

The department may issue licenses only to applicants who have a fixed business address. Licenses cannot be granted for an address that is a hotel or motel room, a motor vehicle, or a post office box. Licensed locksmiths must maintain general liability insurance in the amount of at least $300,000, with appropriate coverage for the practice of the business. A license is valid for two years, and prior to expiration, a license may be renewed for an additional two-year term. Licensees must display the license conspicuously at the place of business. The owner of a business must issue a photo identification card to each employee who provides locksmith services on behalf of the business, and employees are required to display the card while providing services on behalf of the business. Any advertisements, business cards, or other public notifications must include the name and license number of the licensed locksmith.

Licensed locksmiths must include the following information on each receipt or invoice: the location where the services were provided; the type of lock serviced; a vehicle identification number, if applicable; and the estimated and actual costs of the service. Locksmiths are required to keep service records that include the aforementioned information at the fixed business address for three years from the date of the service call.

The department projects an initial and renewal licensure fee of $225 and expects to issue about 400 licenses every two years.

For further information contact:

Department of Labor, Licensing, and Regulation
500 N. Calvert Street, 3rd Floor
Baltimore, Maryland 21202-3651
410-230-6220
Website: http://www.dllr.maryland.gov

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 2009, the board issued 65 licenses. The board collected $33,950 in licensing and related fees in fiscal 2008 and $4,312 in fiscal 2009.

For further information contact:

State Board of Pilots
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/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.

Legislation enacted in 2009 exempts specified out-of-state plumbers and gas fitters from the State's licensing requirements if these individuals have relocated to the State because of a family member's reassignment due to the Base Realignment and Closure process.

Providing natural gas services means installing, maintaining, extending, altering, and removing piping, gas-fired equipment, appliances, or appurtenances in connection with a natural gas supply system downstream of the gas utility point of delivery. To qualify for a master natural gas fitters license, an applicant must have a current master gas fitters license from Baltimore City, Baltimore County, or the Washington Suburban Sanitary Commission. An applicant for a master natural gas fitters license must fulfill training and experience requirements, pass an examination, and possess a Heating, Ventilation, Air-conditioning, and Refrigeration Contractor license. To qualify for a journeyman natural gas fitters license, an applicant must have acquired at least 3,750 hours as an apprentice natural gas fitter over a period of at least two years, complete an approved training course related to natural gas services, and pass an examination. An apprentice natural gas fitter is authorized to assist in providing natural gas services only under the direction and control of a licensed master natural gas fitter.

Providing propane gas services means installing, repairing, servicing, and replacing propane gas piping, propane gas utilization equipment, and associated

accessories. To qualify for a propane gas fitters certification, an applicant must (1) hold a current certification of completion of the National Propane Gas Association training program for distribution systems operations; (2) hold a gas fitters license from a county or municipal corporation authorizing the person to provide gas services; or (3) demonstrate that the applicant's qualifications are at least equivalent to the qualifications required by the association.

The board charges $70 for an original master (plumber or natural gas fitters) license and for a biennial renewal; $35 for an original journey (journey plumber or journeyman natural gas fitters) license and for a biennial renewal; $15 for an apprentice (plumber or natural gas fitters) license and for a biennial renewal; and $35 for a propane gas fitters certification and for a biennial renewal. In fiscal 2009, the board licensed 13,723 plumbers. The board collected $244,866 in licensing and related fees in fiscal 2008 and $243,900 in fiscal 2009.

For further information contact:

State Board of Plumbing
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Website: http://www.dllr.maryland.gov/license/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 at least 72 hours of a specified on-site training course, have a high school diploma, and maintain general liability insurance of at least $150,000.

The commission charges $150 for an original real estate appraiser license and $200 for a three-year 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 Registry 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. In fiscal 2009, the commission issued 5,144 licenses. The commission generated $406,678 in licensing and related fees in fiscal 2008 and $289,948 in fiscal 2009.

For further information contact:

State Commission of Real Estate Appraisers and Home Inspectors
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6165
Website: http://www.dllr.maryland.gov/license/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 (1) successfully complete a course approved by the commission that includes a three-clock hour course in real estate ethics and (2) have been a licensed real estate salesperson who actively provided real estate brokerage services for at least three years. To qualify for an associate real estate broker license, an applicant must complete the same education and experience requirements for a real estate broker license and obtain a commitment from a licensed real estate broker that the applicant will become affiliated with the licensed real estate broker. To qualify for a real estate salesperson license, an applicant must successfully complete (1) a basic course in real estate that does not require more than 60 hours of classroom instruction or instruction by any other delivery system and that includes a three-clock hour course in real estate ethics; or (2) with approval from the commission, courses in real estate subjects at any college, including a three-clock hour course in real estate ethics.

An applicant for each of the licenses must also pass an examination. All licensees must complete continuing education requirements for a license renewal including a course in ethics which addresses flipping and predatory lending. The commission investigates complaints through hearing panels that conduct hearings on charges and complaints referred by the commission or by other persons.

"Dual agency" is allowed in Maryland in the limited circumstance when a real estate broker represents both a seller and a buyer of residential real property listed by the real estate broker in accordance with specified conditions, including the written consent of all parties to the transaction. The statute provides standards for licensees when providing real estate brokerage services to clients under a brokerage agreement and to prospective buyers and lessees under presumed agency relationships. To allow brokerage firms to provide the full range of services to clients when representing both buyers and

sellers, the law specifies the roles of "intra-company agents" and "dual agents." There is a presumption of buyer's agency for a licensee who assists a prospective buyer in locating residential real property and who is neither affiliated with or acting as the listing broker for that property.

Real estate brokerage services may also be provided through teams of licensed associate real estate brokers and licensed real estate salespersons who work together on a regular basis to provide real estate brokerage services, represent themselves to the public as being part of one entity, and designate themselves by a collective name such as team or group. The team leader is responsible for the supervision of other team members; the team must adhere to all office rules, practices, and procedures established by the real estate broker and/or the branch office manager.

The commission administers the Real Estate Guaranty Fund that bonds all licensees. A $20 guaranty fund payment is assessed on brokers, associate brokers, and salespersons at the time of original licensure. The amount recovered for any claim against the guaranty fund may not exceed $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 $190 for an original license and a biennial renewal for a broker license; $130 for an original license and a biennial renewal for an associate broker license; and $90 for an original license and a biennial renewal for a salesperson license. In fiscal 2009, the commission issued 48,920 licenses. The commission generated $2,119,952 in licensing and related fees in fiscal 2008 and $2,283,698 in fiscal 2009.

For further information contact:

State Real Estate Commission
500 North Calvert Street
Baltimore, Maryland 21202-3651
410-230-6230
Website: http://www.dllr.maryland.gov/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. Under legislation

enacted in 2008, a dealer is also an individual who for compensation arranges for the sale or delivery of a secondhand precious metal object on behalf of a person who does not hold a dealer's license; therefore, this expanded definition of a dealer includes auctioneers of secondhand precious metal objects, those who operate at traditional auction sites, and those who arrange for the sale of objects on Internet auction sites. Further, a dealer includes a retail jeweler who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects.

A pawnbroker is an individual who engages in pawn transactions, including (1) loaning money on deposit or pledge of personal property or other valuable thing; or (2) purchasing personal property or other valuable things on condition of selling the same personal property back at a stipulated price.

The Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services must provide to the unit a criminal history record background check for each applicant. Many counties in the State have local ordinances and zoning laws that apply to secondhand precious metal object dealer locations and pawn shops. A pawnbroker is not required to obtain a State license if the pawnbroker is located in a county that regulates pawnbrokers.

The unit charges $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 2009, there were 412 licensed secondhand precious metal object dealers and pawnbrokers. The unit collected $22,685 in revenue in fiscal 2008 and $16,173 in fiscal 2009.

For further information contact:

Secondhand Precious Metal Objects Dealers and Pawnbrokers Licensing Unit
500 North Calvert Street, Room 304
Baltimore, Maryland 21202-3651
410-230-6271
Website: http://www.dllr.maryland.gov/license/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 board issues five classifications of stationary engineer licenses. A grade 1 engineer is licensed to take charge of any plant machinery in any building. A grade 2 engineer is licensed to take charge of plant machinery between 300 and 499 horsepower in any building. A grade 3 engineer is licensed to take charge of plant machinery between 100 and 299 horsepower in any building. A grade 4 engineer oversees plant machinery between 30 and 99 horsepower in any building regardless of use and a grade 5 engineer oversees plant machinery between 30 and 99 horsepower in a building not open for public use. To qualify for a license, an applicant must meet certain minimum experience requirements and pass a written examination.

Legislation enacted in 2009 exempts specified out-of-state stationary engineers from the State's licensing requirements if these individuals have relocated to the State because of a family member's reassignment due to the Base Realignment and Closure process.

The board charges $65 for an original grade 1 license and for a biennial renewal; $50 for an original grade 2 or grade 3 license and for a biennial renewal; and $35 for an original grade 4 or grade 5 license and for a biennial renewal. In fiscal 2009, the board issued 6,399 licenses. The board collected $288,720 in fiscal 2008 for licensing and related fees and $185,100 in fiscal 2009.

For further information contact:

State Board of Stationary Engineers
500 North Calvert Street, Room 302
Baltimore, Maryland 21202-3651
410-230-6270
Website: http://www.dllr.maryland.gov/license/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, 2013. 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 $68 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 $85 to $270. In fiscal 2009, the division licensed 6,102 architects and 990 landscape architects. The Board of Architects collected $384,050 in licensing and related fees in fiscal 2008 and $277,464 in fiscal 2009. The Board of Examiners of Landscape Architects collected $76,934 in licensing and related fees in fiscal 2008 and $69,523 in fiscal 2009.

For further information contact:

State Board of Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/license/occprof/arc.html

State Board of Examiners of Landscape Architects
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/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 $68 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 2009, there were 315 certified interior designers. The board collected $15,766 in licensing and related fees in fiscal 2008 and $13,850 in fiscal 2009.

For further information contact:

State Board of Certified Interior Designers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/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 platting land, and determining topography and contours. Property line surveying means practicing land surveying except for the performance of land surveying services that involve road and street grades, sediment and erosion control measures, and storm drainage and stormwater management systems. To qualify for a land surveyor license or a property line surveyor license, an applicant must pass an examination and meet educational and experience criteria. To qualify for a renewal license, licensees must fulfill the continuing professional competency requirements.

The board is authorized to set reasonable fees to cover the direct and indirect costs associated with the board. The board charges $68 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 $165 with an additional $60 testing service fee. In fiscal 2009, the board licensed 997 land surveyors. The board collected $62,124 in licensing and related fees in fiscal 2008 and $59,966 in fiscal 2009.

For further information contact:

State Board for Professional Land Surveyors
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/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.

To qualify for a renewal license, a licensee must demonstrate continuing professional competency. These continuing professional competency requirements do not apply to the first renewal of a license and are phased in beginning on October 1, 2012. Professional engineers who have significant experience in the field but choose not to fulfill the continuing professional competency requirements may be issued a retired status license but may not engage in the practice of professional engineering.

A license by reciprocity to practice engineering in the State is available to an individual who is currently licensed to practice engineering in another state or territory of the United States or in a foreign country.

The board is authorized to set reasonable fees to cover the direct and indirect costs associated with the board. The board charges $68 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 $165 depending on the type of exam. In

fiscal 2009, there were 19,492 licensed engineers in the State. The board collected $919,573 in licensing and related fees in fiscal 2008 and $1,052,449 in fiscal 2009.

For further information contact:

State Board for Professional Engineers
500 North Calvert Street, Room 308
Baltimore, Maryland 21202-3651
410-230-6322
Website: http://www.dllr.maryland.gov/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 and Security Guard 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. In addition, an individual must be certified by the Secretary as a private detective before the individual may personally provide any private detective services. A private detective agency license is not required for those who (1) exclusively investigate and report on the financial standing or creditworthiness of a person; (2) exclusively investigate and make reports for insurance or credit (unless the report requires a certain level of surveillance); (3) monitor electronically controlled burglar or fire alarm systems; or (4) conduct marketing surveys. To qualify for a private detective agency license, an applicant must undergo a State and federal criminal background check, submit a complete set of fingerprints for each employee who will provide private detective services, and submit three written recommendations per employee. Further, an applicant must obtain $1 million of liability insurance.

The department also regulates and licenses security guard agencies that are hired to protect individuals or property. In addition, the department certifies individual security guards who are employed by security guard agencies. License and certification applicants must undergo a criminal history records check and submit a complete set of fingerprints. Any firm that intends to employ at least five people as security guards must obtain $1 million general liability insurance. Failure to maintain insurance is grounds for automatic suspension of a security guard agency's license.

For an original private detective agency license or an original security guard agency license, the department charges $200, if the agency is not incorporated and $375 if the agency is incorporated. If the applicant is an individual the charge is $15. For a three-year renewal, the department charges $200 for unincorporated security guard agencies and $400 for incorporated security guard agencies. The department charges $10 if the applicant is an individual security guard or private detective. For a two-year renewal for private detective agencies, the department charges $200 for unincorporated agencies and $400 for incorporated agencies. Applicants also pay the cost of a criminal background and fingerprint check from the Criminal Justice Information System (CJIS) ($18) and the FBI ($19.25); at renewal, applicants pay only for an FBI check. The department allows applicants to use Live Scan Technology in lieu of the fingerprint cards. Fingerprints obtained through Live Scan Technology are paid for at the Live Scan site and do not require a payment to the department.

The department collected $225,593.70 in licensing and related fees from a total of 922 private detective agencies and security guard agencies in calendar 2009.

For further information contact:

Department of State Police
1201 Reisterstown Road
Pikesville, Maryland 21208
4l0-653-4200
800-525-5555
Website: 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.

To qualify for a security systems agency license, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints. Further, an applicant must (1) obtain $50,000 general liability insurance; and (2) provide copies of certifications of any specialized related training. To qualify for a security systems technicians registration, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints.

The department charges $112.75 for an original agency license if Live Scan electronic fingerprinting is used, and $150 if fingerprint cards are submitted. The department charges $15 to register each technician. The department charges $100, to renew an agency license for a three-year period, and $15 to renew a technician registration for a three-year period. If fingerprint cards are used, the cost of the criminal history records check for an initial application is $37.25 (CJIS' cost is $18 and the FBI's cost is $19.25); at renewal, applicants pay only for an FBI check. The department collected $212,342.47 in licensing and related fees from 631 security systems agencies and 4,141 security systems technicians in calendar 2009.

For further information contact:

Department of State Police
1201 Reisterstown Road
Pikesville, Maryland 21208
4l0-653-4200
800-525-5555
Website: 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 and home builder sales representatives. Moreover, the Court of Appeals regulates lawyers, and the Department of Public Safety and Correctional Services regulates private home detention monitoring agencies.

Home Builders

The Home Builder Registration Unit, established in January 2001 in the Consumer Protection Division of the Office of the Attorney General, regulates and registers home builders and home builder sales representatives. A home builder is a person that builds new homes or that enters into contracts to sell new homes. Registration is required for each legal entity that operates as a home builder. If a home builder conducts its building business under a separate legal entity from its selling business, a registration is required for each legal entity. A home builder sales representative is an individual employed by a home builder to act as the builder's representative with consumers.

An entity that builds new homes solely in Montgomery County is exempt from the State registration requirement; however, a sales representative employed by a home

builder operating solely in Montgomery County is required to register with the unit. Others exempt from the registration requirements include employees not acting as home builder sales representatives, 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 and home builder sales representatives.

For home builders, the unit charges an initial two-year registration fee of $600. Following the initial registration period, the unit charges $300 for biennial renewal for a home builder that builds 10 or fewer homes in the calendar year preceding the renewal date and $600 for a biennial renewal for a home builder that builds 11 or more new homes in the calendar year preceding the renewal date. Home builder sales representatives must pay an initial registration fee of $200 and a biennial renewal fee of $200.

The unit is special funded by registration and related fees. During fiscal 2009 and 2010, the unit issued 2,012 and 1,022 home builder registrations, respectively. These registrations resulted in the collection of fees totaling $651,625 in fiscal 2009 and $483,500 in fiscal 2010. The unit also registered 635 and 87 home builder sales representatives during fiscal 2009 and 2010, respectively. These registrations resulted in the collection of fees totaling $132,650 in fiscal 2009 and $18,800 in fiscal 2010.

The division also maintains the Home Builder Guaranty Fund to compensate consumers who suffer an actual loss based upon the failure of a registered home builder to complete or correct defects in a new home. To be eligible for compensation, a consumer must have entered into a contract for a new home after January 1, 2009. As of June 30, 2010, the guaranty fund contained $492,621.

For further information contact:

Maryland Home Builder Registration Unit
Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 16th Floor
Baltimore, Maryland 21202
410-576-6573
Website: http://www.oag.state.md.us/Homebuilder/

Lawyers

Established in 1898, the State Board of Law Examiners regulates admissions to the bar in Maryland, subject to the ultimate authority of the Court of Appeals for regulating the practice of law and the conduct and admission of attorneys. Approximately 35,100 lawyers practice in Maryland, as of July 2010.

To practice law in Maryland, an individual must have a law degree, complete a legal professionalism course, and pass the Maryland bar examination, which is administered twice a year by the board. The two-day exam consists of essays and multiple-choice questions on specific areas of law, such as constitutional law, contracts, criminal law and procedure, and torts. 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: $225 for timely filing or $275 for late filing; examination fees: $250;
- out-of-state attorney registration fees: $700 plus $300 for character investigation; and
- retake fees: $250.

All revenues collected by the board are deposited into the general fund through the Administrative Office of the Courts. The board collected $729,174 in fees in fiscal 2009 and $1,059,088 in fiscal 2010. The Court of Appeals also operates the Client Protection Fund of the Bar of Maryland, which is used to reimburse losses caused by lawyer theft of client or fiduciary funds. Lawyers admitted to the Maryland Bar must pay an annual

$20 fee to the fund. Along with this fee, lawyers must pay an annual $125 fee to the fund for use by the Attorney Grievance Commission.

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
Website: http://www.courts.state.md.us/ble/ index.html

Private Home Detention Monitoring Agencies

Pursuant to legislation enacted in 1998, the Maryland Commission on Correctional Standards of the Department of Public Safety and Correctional Services regulates and licenses private home detention monitoring agencies. These agencies monitor individuals who are placed in home detention, generally in lieu of incarceration, pursuant to a court order. Detainees are monitored 24 hours a day and 7 days a week using electronic equipment or other monitoring methods.

To qualify for a license to operate an agency that provides monitoring services for a fee, an applicant must submit a written policy and procedures manual approved by the commission, undergo a State and federal criminal history records check, submit a complete set of fingerprints, obtain a $2,500 bond, and submit proof of general liability insurance in the amount of not less than $100,000. Further, the applicant must submit three statements of good character and reputation and a statement that training on monitoring equipment was obtained. Each individual the agency intends to employ as a home detention monitor must also undergo a State and national criminal history records check.

To qualify for renewal, an agency must demonstrate compliance with employer tax obligations and other requirements. The commission also enforces regulations pertaining to monitoring equipment and training of licensees. The commission ensures that there are enough monitors on duty and one on call and available 24 hours a day, 7 days a week.

The commission charges $500 for an original agency license and $100 for a biennial renewal. Applicants also pay the cost of a criminal history records check. The commission collected $500 in licensing and related fees in fiscal 2009, and $1,700 in fiscal 2010 during which there were five licensed agencies in the State.

For further information contact:

Maryland Commission on Correctional Standards
115 Sudbrook Lane, Suite 200
Pikesville, Maryland 21208
(410) 585-3830
Email: mccs@dpscs.state.md.us
Website: 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	410-222-7700	410-222-1434	410-974-5709
Baltimore City	410-396-3360	410-333-3790	410-767-8250
Baltimore County	410-887-3353	410-887-2607	410-512-4900
Calvert County	410-535-1600, ext. 2552	410-535-1600	443-550-6840
Caroline County	410-479-8100	410-479-1811	410-819-4450
Carroll County	410-386-2674	410-386-2022	410-857-0600
Cecil County	410-996-5235	410-996-5380	410-996-2760
Charles County	301-645-0692	301-932-3308	301-932-2440
Dorchester County	410-228-9636	410-228-0480	410-228-3380
Frederick County	301-600-2313	301-600-1962	301-815-5350
Garrett County	301-334-7470	301-334-1937	301-334-1950
Harford County	410-638-3344	410-638-3248	410-836-4800
Howard County	410-313-2455	410-313-5850	410-480-7940
Kent County	410-778-7423	410-778-7431	410-778-7447
Montgomery County	240-777-6300	240-777-9460	240-314-4530

	Local Permit Information	Local Business Licenses (Clerks of the Circuit Court)	Local Assessments and Taxation Offices
Prince George's County	301-883-5900	301-952-3330	301-952-2500
Queen Anne's County	410-758-4088	410-758-1773	410-819-4160
St. Mary's County	301-475-4200, ext. 1560	301-475-7844	301-880-2900
Somerset County	410-651-1424	410-845-4840	410-651-0868
Talbot County	410-770-6840	410-822-2611	410-819-5920
Washington County	240-313-2460	301-733-8660	301-791-3050
Wicomico County	410-548-4810	410-543-6551	410-713-3560
Worcester County	410-632-1200	410-632-5500	410-632-1196

Source: State Department of Assessments and Taxation, Office of the Comptroller of Maryland, and County Websites

Appendix 2. Department of Natural Resources Service Centers

Annapolis Metropolitan Area

Annapolis Service Center
P.O. Box 1869
1804 West Street, Suite 300
Annapolis, Maryland 21401
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-260-3220
Toll Free in Maryland: 866-344-8889
Email: awilson@dnr.state.md.us

Central Maryland (Bel Air)

Central Service Center
2 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
Toll Free in Maryland: 866-535-8319
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: mhoerl@dnr.state.md.us

East Central Maryland

East Central Service Center
120 Broadway Avenue #5
Centreville, Maryland 21617
Hours of Operation: M-F 8:30am - 4:30pm
Tel: 410-819-4100
Toll Free in Maryland: 866-439-1708
Email: 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: jcarter@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
3 Harry S. Truman Parkway
Annapolis, Maryland 21401
Phone: 410-222-7375
Fax: 410-222-7294
www.aahealth.org

Baltimore City
Commissioner of Health
1001 E. Fayette Street
Baltimore, Maryland 21202
Phone: 410-396-4398
Fax: 410-396-1571
www.baltimorehealth.org

Baltimore County
Health Officer
Drumcastle Government Center
6401 York Road, 3rd Floor
Baltimore, Maryland 21212-2130
Phone: 410-887-2243
Fax: 410-377-4751
www.baltimorecountymd.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
Denton, Maryland 21629-0010
Phone: 410-479-8030
Fax: 410-479-0554
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: 301-600-1029
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
120 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
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: 301-883-7879
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: 301-475-4330
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 websites 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
231 East Baltimore Street, 6th Floor
Baltimore, Maryland 21202
Phone: 410-396-4385
Fax: 410-396-4382

Baltimore County
Board of Liquor License Commissioners
County Office Building
111 W. Chesapeake Avenue, Room G-14
Towson, Maryland 21204
Phone: 410-887-3191
Fax: 410-887-3970

Calvert County
Liquor Board
Calvert County Court House
175 Main Street
Prince Frederick, Maryland 20678
Phone: 410-535-1600, ext. 306
Fax: 301-855-1916

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
501 Court Lane, Room 101
Cambridge, Maryland 21613
Phone: 410-228-1700
Fax: 410-228-9641

Frederick County
Liquor Board
12 East Church Street
Frederick, Maryland 21701
Phone: 301-694-1156
Fax: 301-631-3500

Garrett County
Board of License Commissioners
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: 410-810-2212
Fax: 410-778-7482

Montgomery County
Board of 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
30513 Prince William Street
Princess Anne, Maryland 21853
Phone: 410-651-0440
Fax: 410-651-9026

Talbot County
Board of Liquor License Commissioners
11 N. Washington Street
Easton, Maryland 21601
Phone: 410-770-8019
Fax: 410-770-8013

Washington County
Board of License Commissioners
148 W. Washington Street
Hagerstown, Maryland 21740
Phone: 301-797-4591
Fax: 301-797-4599

Wicomico County
Board of License Commissioners
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

Montgomery County
Department of Liquor Control
16650 Crabbs Branch Way, Room 203
Rockville, Maryland 20855-2297
Phone: 240-777-1900
Fax: 240-777-1962

Wicomico County
Liquor Control Board
807 S. Salisbury Boulevard
Salisbury, Maryland 21801
Phone: 410-749-5721
Fax: 410-341-0860

Somerset County
Liquor Control Board
11754 Somerset Avenue
Princess Anne, Maryland 21853
Phone: 410-651-0588
Fax: 410-651-3857

Worcester County
Liquor Control Board
5363 Snow Hill Road
Snow Hill, Maryland 21863
Phone: 410-632-1250
Fax: 410-632-3010

Source: Office of the Comptroller, Motor-fuel, Alcohol, and Tobacco Tax Unit

Appendix 5. State Highway Administration – District Engineer Offices

District	Counties	Location
1	Dorchester Somerset Wicomico Worcester	Salisbury District Office 660 West Road Salisbury, Maryland 21802 Phone: 410-677-4000
2	Caroline Cecil Kent Queen Anne's Talbot	Chestertown District Office 615 Morgnec Road, 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	Hunt Valley District Office 320 West Warren Road Hunt Valley, Maryland 21030 Phone: 410-229-2300
5	Anne Arundel Calvert Charles St. Mary's	Annapolis District Office 138 Defense Highway Annapolis, Maryland 21401 Phone: 410-841-5450
6	Allegany Garrett Washington	Cumberland District Office 1251 Vocke Road La Vale, Maryland 21502 Phone: 301-729-8400

District	Counties	Location
7	Carroll Frederick Howard	Frederick District Office 5111 Buckeystown Pike Frederick, Maryland 21704 Phone: 301-624-8100
Baltimore City (not under State Highway Administration)	Baltimore City	Baltimore City Dept. of Transportation 417 East Fayette Street, 5th Floor Baltimore, Maryland 21202 Phone: 410-396-6802

Source: State Highway Administration, Baltimore City, and Department of Legislative Services

Note: Directions and maps for each SHA district office location are available at www.marylandroads.com.

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