
By: Delegate Hurson

Introduced and read first time: February 23, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Independent Contractors - Registration**

3 FOR the purpose of requiring an independent contractor who enters into certain
4 contracts with consumers to be registered with the Department of Labor, Licensing,
5 and Regulation to comply with certain insurance requirements and to maintain a
6 separate business establishment; requiring the Department to maintain certain
7 records, develop a form, and establish a fee for registering independent contractors;
8 providing a penalty for noncompliance; defining certain terms; and generally
9 relating to registration of independent contractors.

10 BY adding to

11 Article - Business Regulation
12 Section 9B-101 through 9B-107, inclusive, to be under the new title "Title 9B.
13 Independent Contractors"
14 Annotated Code of Maryland
15 (1992 Volume and 1995 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Business Regulation**

19 TITLE 9B. INDEPENDENT CONTRACTORS.

20 9B-101.

21 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

22 (B) "CONSUMER" MEANS ANY PERSON WHO CONTRACTS WITH AN
23 INDEPENDENT CONTRACTOR.

24 (C) "CONTRACT" MEANS ANY WRITTEN OR ORAL AGREEMENT BETWEEN AN
25 INDEPENDENT CONTRACTOR AND A CONSUMER FOR THE PERFORMANCE OF
26 SPECIFIC SERVICES BY THE INDEPENDENT CONTRACTOR FOR A FEE OF NOT LESS
27 THAN \$1,000.

28 (D) "INDEPENDENT CONTRACTOR" MEANS ANY INDIVIDUAL WHO:

2

1 (1) WORKS UNDER CONTRACT TO PERFORM SPECIFIC SERVICES FOR
2 SPECIFIC FEES, WHILE CONTROLLING THE MEANS OF PERFORMING THE SERVICES
3 OF WORK; AND

4 (2) RECEIVES PAYMENT ON A COMMISSION BASIS FOR EACH JOB OR BY
5 COMPETITIVE BID.

6 9B-102.

7 AT THE TIME OF ENTERING INTO A CONTRACT, THE INDEPENDENT
8 CONTRACTOR SHALL:

9 (1) BE REGISTERED AS AN INDEPENDENT CONTRACTOR UNDER THIS
10 TITLE;

11 (2) HAVE PROOF OF COMPLIANCE WITH THE LIABILITY INSURANCE
12 REQUIREMENTS ESTABLISHED BY THE SECRETARY PURSUANT TO § 9B-106 OF THIS
13 TITLE; AND

14 (3) MAINTAIN A SEPARATE BUSINESS ESTABLISHMENT FOR PURPOSES
15 OF CONDUCTING BUSINESS AND STORING EQUIPMENT AND SUPPLIES.

16 9B-103.

17 (A) IN ORDER TO REGISTER, AN INDEPENDENT CONTRACTOR SHALL:

18 (1) COMPLETE THE REGISTRATION FORM SPECIFIED IN SUBSECTION (B)
19 OF THIS SECTION; AND

20 (2) PAY THE REGISTRATION FEE SPECIFIED IN SUBSECTION (C) OF THIS
21 SECTION.

22 (B) THE DEPARTMENT SHALL DEVELOP A REGISTRATION FORM THAT
23 ELICITS THE FOLLOWING INFORMATION:

24 (1) THE NAME AND ADDRESS OF THE INDEPENDENT CONTRACTOR;

25 (2) IF THE INDEPENDENT CONTRACTOR IS A CORPORATION:

26 (I) THE NAME OF THE CORPORATION AND ITS STATE OF
27 INCORPORATION; AND

28 (II) THE NAMES AND ADDRESSES OF THE CORPORATION'S
29 PRINCIPAL OFFICERS, PARTNERS, OR OWNERS;

30 (3) IF THE INDEPENDENT CONTRACTOR HAS ONE OR MORE
31 EMPLOYEES:

32 (I) PROOF OF WORKERS' COMPENSATION INSURANCE; AND

33 (II) A STATE EMPLOYER'S IDENTIFICATION NUMBER FOR
34 PURPOSES OF THE MARYLAND UNEMPLOYMENT INSURANCE LAW; AND

35 (4) ANY OTHER INFORMATION THE DEPARTMENT CONSIDERS
36 NECESSARY AND USEFUL.

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1 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
2 DEPARTMENT MAY SET REASONABLE FEES, INCLUDING APPLICATION FEES, FOR
3 REGISTRATION, RENEWAL OF REGISTRATION, AND ITS OTHER SERVICES.

4 (2) REVENUES GENERATED BY THE DEPARTMENT SHALL BE AT LEAST
5 EQUAL TO EXPENSES INCURRED BY THE DEPARTMENT.

6 (3) THE DEPARTMENT SHALL PAY ALL MONEY COLLECTED UNDER THIS
7 TITLE INTO THE GENERAL FUND OF THE STATE.

8 9B-104.

9 (A) ON RECEIPT OF THE REGISTRATION FEE AND A COMPLETE
10 REGISTRATION FORM, THE DEPARTMENT SHALL PROVIDE THE INDEPENDENT
11 CONTRACTOR WITH:

12 (1) A REGISTRATION NUMBER;

13 (2) A CERTIFICATE OF REGISTRATION STATING WHEN THE
14 REGISTRATION EXPIRES; AND

15 (3) INFORMATION ON HOW TO REMAIN IN COMPLIANCE WITH THIS
16 TITLE.

17 (B) THE DEPARTMENT SHALL MAINTAIN ALL REGISTRATION INFORMATION
18 AND ANY OTHER INFORMATION OBTAINED ABOUT AN INDEPENDENT CONTRACTOR
19 AND SHALL MAKE THAT INFORMATION AVAILABLE TO CONSUMERS.

20 9B-105.

21 (A) (1) EACH REGISTERED INDEPENDENT CONTRACTOR SHALL DISPLAY
22 THE CERTIFICATE OF REGISTRATION AND REGISTRATION NUMBER
23 CONSPICUOUSLY IN THE PRINCIPAL PLACE OF BUSINESS OF THE INDEPENDENT
24 CONTRACTOR.

25 (2) EACH REGISTERED INDEPENDENT CONTRACTOR SHALL PROVIDE
26 TO EACH CONSUMER UPON REQUEST, A COPY OF THE REGISTRATION CERTIFICATE
27 AND REGISTRATION NUMBER.

28 (B) EACH REGISTERED INDEPENDENT CONTRACTOR SHALL GIVE THE
29 DEPARTMENT WRITTEN NOTICE OF ANY CHANGE OF NAME OR CHANGE OF
30 ADDRESS FROM THAT WHICH APPEARS ON THE CURRENT LICENSE AT LEAST 10
31 WORKING DAYS BEFORE THE CHANGE IS TO TAKE EFFECT.

32 9B-106.

33 (A) AN INDEPENDENT CONTRACTOR SHALL BE COVERED BY LIABILITY
34 INSURANCE FOR EACH CONTRACT FOR THE PURPOSE OF PAYING CLAIMS OR
35 JUDGMENTS FOR DAMAGES THAT MAY OCCUR AS A RESULT OF NEGLIGENCE BY
36 THE INDEPENDENT CONTRACTOR.

37 (B) THE SECRETARY SHALL DETERMINE THE AMOUNT OF LIABILITY
38 INSURANCE COVERAGE BASED ON THE SERVICES TO BE PERFORMED BY DIFFERENT
39 CLASSES OF INDEPENDENT CONTRACTORS.

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1 9B-107.

2 AN INDEPENDENT CONTRACTOR WHO VIOLATES THIS TITLE IS GUILTY OF A
3 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 1996.