

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 600 (Delegate Kagan, *et al.*)  
Economic Matters

Referred to Judicial Proceedings

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**Condominiums, Homeowners Associations, and Cooperatives -  
Home-Based Businesses**

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This amended bill provides that a condominium or homeowners' association may not prohibit the use of a unit for a home-based business unless the prohibition is approved by a simple majority. This bill allows a condominium or homeowners association to require home-based businesses to pay any increase in insurance costs that are directly attributable to the home-based businesses and impose a fee of up to \$50 per year for the use of common areas. A condominium or homeowners association may also require residents to notify the condominium or association before opening a home-based business. The bill prohibits a cooperative housing corporation from restricting a home-based business, but allows the corporation to restrict such a business in any common element, as could condominiums and homeowners' associations.

The provisions of this bill would not apply to a condominium, homeowners' association, or cooperative housing corporation that has adopted procedures, prior to October 1, 1997, pursuant to its declaration, covenants, or articles of incorporation for the review, approval, and regulation of home-based businesses.

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**Fiscal Summary**

**State Effect:** None. Assuming that the Consumer Protection Division will receive fewer than 50 complaints per year stemming from this bill, existing resources should be adequate to handle any additional workload.

**Local Effect:** None.

**Small Business Effect:** Minimal effect on small businesses as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** This bill could affect home-based businesses since it allows a condominium or homeowners association to require these businesses to pay any increase in insurance costs that are due solely to the home-based businesses and impose a fee of up to \$50 per year for the use of common areas. The bill requires such associations to allow home-based businesses if a simple majority of the members approve such use.

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**Information Sources:** Office of the Attorney General (Consumer Protection Division), Department of Assessments and Taxation, Prince George's County, Howard County, Baltimore City

**Fiscal Note History:** First Reader - February 17, 1997  
lc Revised - House Third Reader - March 24, 1997

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