Department of Legislative Services

Maryland General Assembly 2008 Session

FISCAL AND POLICY NOTE Revised

Senate Bill 181 (Chair, Education, Health, and Environmental Affairs Committee)

(By Request – Departmental – Labor, Licensing, and Regulation)

Education, Health, and Environmental Affairs

Economic Matters

State Real Estate Commission - Summary Suspension of License - Grounds

This emergency departmental bill authorizes the State Real Estate Commission to summarily suspend an individual's license if the licensee has been convicted of a felony under the laws of the United States or of any state. A licensee who fails to disclose a felony conviction within 10 days of conviction or 10 days following release from incarceration is also subject to a summary suspension under the terms of the bill.

Fiscal Summary

State Effect: Since it is assumed that the bill would apply in a limited number of cases, State finances would not be materially affected.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: An individual who provides real estate brokerage services for consideration – including selling, buying, exchanging, leasing, or collecting rent for any real estate – must be licensed by the State Real Estate Commission. In addition to education and examination requirements, applicants are required to meet any other

requirements established by the commission that ensure that applicants are professionally competent and of good character.

The commission may deny a license to any applicant or reprimand a licensee for grounds that include fraudulently using a license, misrepresenting or failing to disclose specified information, conducting business in an unprofessional or unethical manner, or conviction of a felony or other crime related to the individual's profession. The individual has an opportunity to be heard by the commission before any final action is taken.

The commission is authorized to summarily *revoke* a license if a licensee is convicted of a violation of commission licensing guidelines, the conviction is final, and the period for appeal has expired. The commission may summarily *suspend* a license if the licensee fails to account promptly for any money held in escrow or fails to provide financial records requested by the commission. In these instances, the commission must notify the licensee of its decision and provide an opportunity to be heard before the commission. Alternately, the commission may elect not to revoke or suspend a license until the licensee has had an opportunity for a hearing.

Background: The State Real Estate Commission requires applicants for licensure to disclose their criminal history and may deny a license to an individual based on this information. The commission has recently identified several licensees who failed to disclose their complete criminal history on their applications for licensure. This bill authorizes the commission to immediately suspend a license for failure to disclose a felony conviction, with affected licensees provided an opportunity to then be heard before the commission.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department

of Legislative Services

Fiscal Note History: First Reader - February 5, 2008

mcp/ljm Revised - Senate Third Reader - March 24, 2008

Revised - Enrolled Bill - April 23, 2008

Analysis by: Suzanne O. Potts Direct Inquiries to:

(410) 946-5510 (301) 970-5510