

SENATE BILL 377

C2

EMERGENCY BILL

9lr1895
CF 9lr1992

By: **Senator Middleton**

Introduced and read first time: January 30, 2009

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Home Builder Guaranty Fund – Fee**

3 FOR the purpose of requiring certain home builders to pay the Home Builder
4 Guaranty Fund fee to a municipal corporation; requiring certain home builders
5 to pay the fee for residential units in multiple-unit developments to a county or
6 municipal corporation; requiring a municipal corporation to remit a certain fee
7 to the Consumer Protection Division of the Office of the Attorney General;
8 authorizing a county or municipal corporation to retain a certain amount of
9 certain fee revenues to recover certain administrative costs; making this Act an
10 emergency measure; and generally relating to the Home Builder Guaranty
11 Fund fee.

12 BY repealing and reenacting, without amendments,
13 Article – Business Regulation
14 Section 4.5–101(d), 4.5–601(a), and 4.5–703(a) and (b)(1)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2008 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Business Regulation
19 Section 4.5–704
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2008 Supplement)

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

24 **Article – Business Regulation**

25 4.5–101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (d) "Division" means the Consumer Protection Division of the Office of the
2 Attorney General.

3 4.5-601.

4 (a) Except for a building permit for construction to be performed directly by a
5 landowner solely for the landowner's own use, the building and permits department of
6 a county may not issue a permit for home building unless:

7 (1) the permit includes the home builder registration number of a
8 registrant; and

9 (2) the person pays the Guaranty Fund fee required under § 4.5-704 of
10 this title.

11 4.5-703.

12 (a) The Division shall:

13 (1) establish a Home Builder Guaranty Fund; and

14 (2) maintain the Guaranty Fund at a level of at least \$1,000,000.

15 (b) (1) The Division shall deposit all money collected under § 4.5-704 of
16 this subtitle in the Guaranty Fund.

17 4.5-704.

18 (a) (1) Subject to the provisions of subsection (c) of this section, a home
19 builder shall pay to the building and permits department of a county **OR A**
20 **MUNICIPAL CORPORATION** a Guaranty Fund fee **PER HOME OR RESIDENTIAL**
21 **UNIT** as set by the Division under subsection (c) of this section with each application
22 for a permit for construction of a new home **OR MULTIPLE-UNIT DEVELOPMENT**.

23 (2) The home builder may collect the Guaranty Fund fee from the
24 consumer.

25 (3) **(I) [Each] SUBJECT TO THE PROVISIONS OF**
26 **SUBPARAGRAPH (II) OF THIS PARAGRAPH, EACH** month, [the building and permits
27 department of] a county **OR MUNICIPAL CORPORATION** shall remit all the Guaranty
28 Fund fees to the Division to be deposited in the Guaranty Fund.

29 **(II) A COUNTY OR MUNICIPAL CORPORATION MAY RETAIN**
30 **UP TO 2% OF THE GUARANTY FUND FEE REVENUE THAT IT COLLECTS UNDER**
31 **THIS SUBTITLE TO COVER REASONABLE ADMINISTRATIVE COSTS FOR**
32 **COLLECTION AND PROCESSING OF THE GUARANTY FUND FEE.**

1 (4) The Guaranty Fund fee may be deposited only in the Guaranty
2 Fund.

3 (b) If a registrant fails to pay the Guaranty Fund fee, the registrant's home
4 builder registration is suspended until the fee is paid.

5 (c) The Division shall set the amount of the Guaranty Fund fee required
6 under subsection (a) of this section so as to not exceed \$50 **PER RESIDENTIAL UNIT**
7 and to maintain the Guaranty Fund level required under § 4.5-703(a) of this subtitle.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
9 measure, is necessary for the immediate preservation of the public health or safety,
10 has been passed by a yea and nay vote supported by three-fifths of all the members
11 elected to each of the two Houses of the General Assembly, and shall take effect from
12 the date it is enacted.