

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 824

(Senator Conway)

Education, Health, and Environmental Affairs

Economic Matters

Real Estate Licensees - Verification of Service Provider Licensing Status

This bill authorizes an individual licensed by the State Real Estate Commission to provide the name of a “service provider” to a client in the provision of real estate brokerage services *without* needing to verify that the service provider is currently licensed by the State to perform the services. “Service provider” includes (but is not limited to) a mortgage lender, a mortgage broker, a real estate appraiser, a home inspector, a plumber, an electrician, and a heating, ventilation, air-conditioning, and refrigeration (HVACR) contractor. “Service provider” does not include a home improvement contractor; under the bill, the licensee must annually verify the licensure status of a home improvement contractor prior to offering the name to the client and must inform the client of the website on which the licensing information may be found.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations, as discussed below.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Regulations adopted by the State Real Estate Commission require that, if a licensee offers the name of a service provider, including (but not limited to) a mortgage lender, a mortgage broker, a real estate appraiser, a home inspector, a home improvement contractor, a plumber, an electrician, or an HVACR contractor, in the provision of

real estate brokerage services, the licensee must first verify that the provider's State license to perform those services is current. The licensee must also give the person the electronic link to the licensing record information as well as the date on which the licensee last verified the information, so that the person may verify continued license status before entering into a contract with the provider.

Background: Generally, an individual must be licensed by the appropriate State (and sometimes local) licensing unit prior to providing the affected services, subject to various penalties for noncompliance. The bill has no effect on these requirements. Instead, the bill reverses current requirements for a licensee of the State Real Estate Commission when recommending most service providers – except for home improvement contractors, for which the requirement is reduced to an annual verification.

The State Real Estate Commission licenses real estate brokers, associate brokers, and salespersons. As of December 2015, there were approximately 40,500 total licensees.

State Expenditures: Assuming the bill does not generate a significant number of consumer complaints to the State Real Estate Commission regarding referrals to unlicensed service providers made by real estate licensees, State finances and operations are not materially affected. It is anticipated that most such complaints can be dismissed without investigation since the bill allows real estate licensees to make such referrals without confirming the licensure status of the service provider.

Additional Information

Prior Introductions: None.

Cross File: HB 1453 (Delegate Vaughn) - Economic Matters.

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

Fiscal Note History: First Reader - March 2, 2016
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