

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1241
Economic Matters

(Delegate Lisanti)

Corporations and Associations - Recordation and Filing - Proof of Occupational
or Professional License or Admission to Bar

This bill prohibits the State Department of Assessments and Taxation (SDAT) from accepting any specified documents for record or filing from a for-profit commercial or professional entity providing a service that requires (1) an occupational or professional license from the Department of Labor, Licensing, and Regulation (DLLR) or (2) admission to the bar of the Court of Appeals of Maryland, unless SDAT receives proof that the owner of the entity, or a member, partner, shareholder, or authorized agent of the entity, holds the required occupational or professional license or bar admission.

Fiscal Summary

State Effect: Special fund expenditures for SDAT increase beginning in FY 2019, as discussed below. Revenues are likely not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Under the Corporations and Associations Article, SDAT may not accept any charter document of a Maryland corporation that does not conform with law. Any document that purports to be acknowledged may be treated by SDAT as properly acknowledged. SDAT may also not accept specified documents for record or filing until all required recording, filing, organization, capitalization, and other fees have been paid to SDAT.

DLLR regulates many of the State's nonhealth professions that require a State license or similar professional credential through various professional licensing boards, offices, commissions, units, and other licensing structures. **Exhibit 1** lists the licensing boards and commissions in DLLR.

Exhibit 1
Licensing Boards and Commissions in the
Department of Labor, Licensing, and Regulation

Architects
Athletics
Barbers
Cemeteries
Certified Interior Designers
Collection Agencies
Cosmetologists
Elevator Safety
Foresters
Heating, Ventilation, Air-Conditioning, and
Refrigeration Contractors
Home Improvement
Individual Tax Preparers
Landscape Architects
Master Electricians
Pilots
Plumbing
Professional Engineers
Professional Land Surveyors
Public Accountancy
Racing
Real Estate
Real Estate Appraisers, Appraisal Management
Companies, and Home Inspectors
Stationary Engineers

Note: This exhibit does not include licenses that are issued directly by the Secretary of Labor, Licensing, and Regulation (for example, locksmiths and secondhand precious metal object dealers).

Source: Department of Legislative Services

State Expenditures: Special fund expenditures for SDAT increase beginning in fiscal 2019. The magnitude of the increase is not ascertainable because SDAT reports that they are unsure how the bill would be implemented under their existing structure. SDAT advises that the department has no process to determine whether an entity submitting specified documentation requires a professional or occupational license from DLLR; such information is not evident from submitted documentation. SDAT also does not have a process for cross-referencing ownership information with licensing information. Additionally, many annual reports of entities are submitted to SDAT through Wells Fargo, which processes the associated fees. SDAT advises that it is unsure if Wells Fargo could review submitted reports for license verification. Thus, SDAT advises that additional staff may also be needed to develop an associated process and to ensure that proper licensing information is submitted in accordance with the bill's requirements. However, SDAT did not provide a specific estimate for this bill.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, SB 971 (Senator Manno, *et al.*- Judicial Proceedings) is not identical.

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

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