

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 577
Economic Matters

(The Speaker)(By Request - Office of the Comptroller)

Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties

This bill authorizes the Comptroller to issue citations to enforce certain provisions of law concerning business licenses. The bill also requires each application for certain business licenses to designate an individual to serve as the license representative (for the purpose of being subject to applicable penalties). The bill also alters related penalty provisions by clarifying that current statutory penalties apply only to specified persons and entities.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations. The Comptroller’s Office can handle any procedural and enforcement changes with existing resources.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: Each application for a business license must:

- designate at least one individual to serve as the license representative who (1) is a resident of the State; (2) is a representative of the business for the purpose of being subject to specified penalties; and (3) has accepted responsibility for potentially being subject to those penalties; and

- provide the name, address, and contact information for the license representative.

The penalties for a violation of Title 17, Subtitle 21 of the Business Regulation Article (which governs miscellaneous State business licenses and general prohibited acts) apply to the following persons under the bill:

- a person specified as the business owner in the license application;
- an individual designated as a license representative, as established by the bill;
- for a corporation, the corporation or one or more officers;
- for a limited liability company; (1) if the company does not have an operating agreement, one or more members, or (2) if the company has an operating agreement, one or more individuals who manage the business and affairs of the company;
- for a limited liability partnership; (1) if the partnership does not have a written partnership agreement, one or more general partners, or (2) if the partnership has a written partnership agreement, one or more individuals who manage the business and affairs of the partnership; and
- for a business entity not identified under the relevant items above, one or more individuals who manage the business and affairs of the entity.

Current Law:

Miscellaneous Business Licenses

The bill applies to 15 categories of miscellaneous business licenses in current law, including construction licenses, junk dealer or scrap metal processor licenses, restaurant licenses, traders' licenses, and vending machine licenses.

General Duties and Powers of the Comptroller and Related Penalties

To enforce provisions of State law governing certain business licenses, the Comptroller may make investigations and hold hearings on any relevant matter, at any time or place in the State, and, in connection with an investigation or hearing, may (1) administer oaths; (2) examine witnesses; (3) receive evidence; and (4) issue subpoenas for the attendance of witnesses to testify or to produce evidence.

Except as otherwise specified, a person who violates provisions of State law related to doing business without a license (and failure to display a license) is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$300 or imprisonment of up to 30 days. Each *agent or officer of a corporation* convicted of violating these provisions who actually engaged in the unlicensed business is individually subject to the penalties

provided by law. This does not affect any other penalty specifically provided by law for a violation of a license law.

Background: The Comptroller's Office advises that, under the provisions described above, when a business engages in unlicensed activity, *each* agent or officer is individually subject to the applicable penalties, which can include a misdemeanor and a \$300 fine. The Comptroller's Office further advises this provision can lead to enforcement actions on individuals who have nothing to do with the licensing or operation of the business – but are nevertheless potentially subject to penalties. In order to ensure that anyone who is subject to criminal penalties related to engaging in unlicensed activity has some authority over the business, the Comptroller advises that the bill's changes are needed. The bill is intended to create protections for individual employees who should not be liable for the unlicensed activities of their employer.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 664 (The President)(By Request - Office of the Comptroller) - Finance.

Information Source(s): Comptroller's Office; Maryland Department of Labor; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2025
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