

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 977
Economic Matters

(Delegate Allen)

Veterans Benefits Matters - Claim Servicers - Requirements

This bill requires a person that is not accredited by the U.S. Department of Veterans Affairs (VA) that is seeking to receive compensation for preparing, presenting, or prosecuting a veterans benefit matter (or advising, consulting, or assisting with such a matter) to enter into a written fee agreement that must be signed by both parties. The fee agreement must adhere to all criteria specified in federal regulations (38 § CFR 14.636). The bill also repeals certain advertising and disclosure requirements related to veterans benefits services, which are replaced by the bill's provisions. Any civil or administrative penalty collected by the Office of the Attorney General (OAG) in an action pursuant to the bill must be deposited in the Maryland Veterans Trust Fund (MVTF). Violation of the bill is generally an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions. However, a person who violates the bill's disclosure requirement is subject to (1) a civil penalty of up to \$10,000 for *each* violation and (2) a one-year ban from offering services relating to veterans benefits matters in the State. Civil penalties must be in an amount ordered by the District Court in an action brought by OAG; each day a violation continues is a separate violation.

Fiscal Summary

State Effect: The Department of Veterans and Military Families (DVMF) and OAG can handle any administrative changes with existing budgeted resources. Nonbudgeted revenues to MVTF increase beginning in FY 2027 to the extent civil penalties are issued.

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

Small Business Effect: Minimal.

Analysis

Bill Summary: “Compensation” means payment of money, a thing of value, or an economic benefit conferred on or received by any person in return for services rendered or to be rendered by a person.

“Veterans benefits matter” means a claim or an appeal affecting an individual who has filed (or expressed an intent to file) a claim for any benefit, program, service, commodity, function, or status, to which entitlement is determined under the laws and regulations administered by the VA, the U.S. Department of Defense, or DVMF pertaining to veterans, their dependents, their survivors, and any other individual eligible for such benefits.

The fee agreement must also provide a notice with specified information that indicates that free services may be available. The notice must be delivered orally to the individual at the same time the fee agreement is entered into and the individual must sign an acknowledgement that the individual understands the notice. If an individual who has entered into such an agreement dies before a claim is processed, the person providing the service for compensation may not charge or collect any fee or debt owned in connection with that service.

Current Law:

Department of Veterans and Military Families – Appeals Services

DVMF assists veterans, active-duty service members, and their families and dependents in securing benefits earned through military service. Among other services, DVMF connects veterans and their dependents with a variety of State and federal programs. DVMF has an appeals chief and benefits specialists across the State providing veterans benefits appeals services to veterans at no cost. All DVMF benefits specialists are fully trained and accredited by the U.S. Department of Veterans Affairs.

Notification Requirements for Veterans Benefits Services and Appeals

Generally, before entering into an agreement with an individual for the provision of veterans benefits services or veterans benefits appeals services, a person who charges a fee for those services must (1) provide a written disclosure statement to each individual and (2) obtain the individual’s signature acknowledging that the individual understands the disclosure statement. The written disclosure statement must be on a form approved by the Secretary of Veterans and Military Families and state that veterans benefits services and veterans benefits appeals services are offered at no cost by DVMF and other veterans services organizations. A person who charges a fee must provide the same information in

any advertisement for appeals services. A violator is subject to a civil penalty of up to \$1,000 for each violation, and any penalty collected must be deposited in the MVTF.

Payment of Fees for Representation by Agents and Attorneys

Federal regulations (38 C.F.R. § 14.636) govern the payment of fees for representation by agents and attorneys in proceedings before specified agencies and the federal Board of Veterans' Appeals. Generally, only accredited agents and attorneys may receive fees from claimants or appellants for their services provided in connection with representation, and the fees must be reasonable. Factors considered in determining whether fees are reasonable include, among other things, the complexity of the case, the level of skill and competence required of the representative in giving the services, and rates charged by other representatives for similar services.

Maryland Veterans Trust Fund

MVTF consists of gifts and grants received by the trust, specified proceeds of ticket sales from the sale of tickets from instant lottery machines by specified veterans' organizations, specified donations from video lottery facility players, designated fees from certain special registration license plates, proceeds from contributions under the checkoff on the individual income tax return form, and specified civil penalty revenues.

Money in the fund may be used to make grants and loans to veterans and members of the Maryland National Guard and their families. Additionally, the fund supports public and private programs that serve veterans in the State. Money in the fund may also be used to invest in general obligations of the State or other securities and pay for the cost of administering the fund. Money expended from the fund is supplemental to and not intended to supplant funding otherwise appropriated to DVMF.

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind, which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease-and-desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 928 and HB 267 of 2025 and SB 831 and HB 875 of 2024.

Designated Cross File: None.

Information Source(s): Department of Veterans and Military Families; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2026
jg/jkb

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510