

HOUSE BILL 929

Date: February 18, 2020
Committee: Economic Matters
Bill Title: State Real Estate Commission - Property Managers - Registration
RE: Letter of Information

HB 929 requires, with some exemptions, all persons performing property management services to register with the Maryland Real Estate Commission every two years and have a surety bond of one of two amounts based on the number of properties managed. The commission is charged with processing and review of applications, verification of surety bonds, and handling complaints related to persons performing unlicensed property management.

The commission cannot absorb the bill's requirements with existing resources. Additional staff and other resources are required. The department will need to hire four additional staff persons to administer this new registration. The new employees would establish registration processes and implement and monitor the registration of property managers. The department would also need to develop online applications and online registration capabilities. Moreover, there will be costs for legal counsel to prepare draft regulations to carry out the directives in the law.

HB 929's impact would require four permanent employees – one registration reviewer, one complaint administrator, one paralegal, and one investigator. The registration reviewer would review all registration documents, answer questions and ensure the appropriate surety bond documents are provided. The complaint administrator performs intake, initiating and receiving communication and processing of complaints. The paralegal will prepare for dismissal or investigation. The investigator would prepare the report of investigation to support action by the commission. The paralegal would work post investigation on the final steps related to complaints.

The department estimates that 2,500 property managers will need to register with the Real Estate Commission as a result of this bill. The bill requires that fees be set in order to generate enough revenue to cover the cost of implementing this new registration. Given the approximately \$290,000 average yearly costs associated with this program, fees would have to be structured to accommodate the continuity of the program. The department estimates an annual registration fee of \$100 per registrant.