

## **HB 577 - Business Regulation - Miscellaneous State**

Uploaded by: Mark Woodard

Position: FAV



*Advocating better skills, jobs, and incomes*

### **Testimony in Support of House Bill 577**

#### **Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties**

TO: Hon. C. T. Wilson, Chair, and Members of the House Economic Matters Committee

FROM: Job Opportunities Task Force

DATE: February 5, 2024

POSITION: Support

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF supports House Bill 577.**

The Comptroller of Maryland (COM) is required to enforce the business license requirements found in Title 17 of the Business Regulations Article, which includes inspecting businesses and, when appropriate, taking action against those businesses that fail to comply with those requirements.

Under current law, each agent or officer of a corporation who engages in unlicensed activity is individually subject to penalties that can include a misdemeanor, up to a \$300 fine, and even imprisonment. “Agent” is undefined in the Business Regulations Article and has been interpreted broadly to include even non-management employees! As a result, an employee who has no control over the operations of a business can be issued a criminal citation and required to take time off of work to go to court to try to resolve the matter.

This bill seeks to limit overbroad enforcement actions by clearly defining those parties who can be subject to penalties for noncompliance with state business license requirements (e.g. an owner or a representative identified as a responsible party on the license) and ensuring that an employee who lacks control over a business cannot be cited for the activities of the business owner or license representative.

For example under the current system, when the owner of a convenience store in Maryland fails to maintain their trader’s license, it places the employees themselves at risk of criminal charges.

Forcing someone to go to court and fight a criminal charge because of the actions of their employer doesn’t help to curb unlicensed activity and penalizes innocent employees.

JOTF works to remove barriers to employment and this bill would prevent low level employees from facing erroneous criminal citations and possible fines over matters in which they have no control. JOTF applauds the Comptroller’s Office for bringing this bill forward.

**For these reasons, JOTF supports House Bill 577 and urges a favorable report.**

**For more information, contact:**

Mark Woodard /Public Policy Advocate / [Mark@jotf.org](mailto:Mark@jotf.org)

## **HB577 - LOS.pdf**

Uploaded by: Matthew Dudzic

Position: FAV

**Letter of Support****House Bill 577 – Business Regulation – Miscellaneous State Business Licenses –  
Enforcement and Penalties***House Economic Matters Committee**February 12, 2025*

The Comptroller of Maryland (COM) is required to enforce the business license requirements found in Title 17 of the Business Regulations Article, which includes inspecting businesses and, when appropriate, taking action against those businesses that fail to comply with those requirements.

Under current law, each agent or officer of a corporation who engages in unlicensed activity is individually subject to penalties that can include a misdemeanor, up to a \$300 fine, and even imprisonment.<sup>1</sup> “Agent” is undefined in the Business Regulations Article and has been interpreted broadly to include even non-management employees! As a result, an employee who has no control over the operations of a business can be issued a criminal citation and required to take time off of work to go to court to try to resolve the matter.

**What the bill does:** House Bill 577 bill seeks to limit overbroad enforcement actions in three ways:

1. Clearly defining those parties who can be subject to penalties for noncompliance with state business license requirements (e.g. an owner or license representative);
2. Requiring businesses to identify a “responsibility party” for licensing purposes on their business license applications; and
3. Ensuring that an employee who lacks control over a business cannot be cited for the activities of the business owner or license representative.

**What the bill does NOT do:**

1. **It does not create new penalties or give new enforcement authority to the Comptroller.** The penalties and authority discussed are already part of existing law.
2. **It does not expand who can be cited for unlicensed activity.** The bill clearly defines and limits who may be subject to penalties for unlicensed activity, all of whom are parties that are already subject to penalties under the current “agent or officer” language.

**Why the bill is important:** Under the current system, when the owner of a convenience store in Maryland fails to maintain their trader’s license, it places the employees themselves at risk of criminal charges. Our field enforcement bureau is statutorily required to cite each agent of the business, even if they have no ability to obtain or update the license.


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<sup>1</sup> Business Regulations Article § 17-2106(b), Maryland Annotated Code



Forcing someone to go to court and fight a criminal charge because of the actions of their employer doesn't help to curb unlicensed activity and penalizes innocent employees. HB577/SB664 will provide clarity for our enforcement bureau and help protect Maryland workers.

**I respectfully urge a favorable report on House Bill 577.** If you have any questions, please feel free to reach out to Matthew Dudzic, Director of State Affairs, at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).

A handwritten signature in black ink, appearing to read "Brooke E. Lierman". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brooke E. Lierman  
Comptroller of Maryland

## **HB0577 – Favorable - Business Regulation - Miscel**

Uploaded by: Thomas Akras

Position: FAV



# ATCC

Alcohol, Tobacco, and Cannabis Commission

Wes Moore  
Governor

Aruna K. Miller  
Lt. Governor

Jeffrey A. Kelly  
Executive Director

February 12, 2025

**BILL: HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties**  
**COMMITTEE: Economic Matters Committee**  
**POSITION: Favorable**

Hon. C. T. Wilson, Chair, and Members of the Economic Matters Committee:

I write on behalf of the Alcohol, Tobacco, and Cannabis Commission (ATCC) to request a **Favorable Report on HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties.**

HB577 adds a new statutory requirement for information that must be included in an application for a license to operate a business in Maryland. Under the bill, applicant businesses shall identify and provide contact information for a Maryland resident to serve as representative of the business. This bill also requires that the named individual accept responsibility and liability for any violations by the business, including the penalty provisions of Business Regulations Article Subtitle 21. The bill also subjects named representatives, owners, and certain officers or partners of organizational entity businesses to those penalties.

This bill requires applicants for business licenses to identify a Maryland resident who understands and accepts the responsibilities that accompany the license to do business. This structure is like the State's alcoholic beverage licensing statutes, which require a named Maryland resident to operate an alcoholic beverages business.<sup>1</sup> This model supports the ATCC and Maryland Department of Health's enforcement efforts to ensure that tobacco businesses stock lawful products, collect and remit full sales and use taxes to the State, and implement practices that ensure their staff do not sell age restricted products to people under 21 years of age.

HB577 closes a practical obstacle to holding non-compliant businesses in Maryland accountable for violations of the State's licensing requirements and other laws. Under current law business licenses may be issued to a corporate organization without the need to provide any individual's name on the application. Contact information on a license is often limited to the mailing address of the licensed location and may not contain any up-to-date contact information for business headquarters or owners of the premises.

While a corporate entity may have a resident agent on file with the State Department of Assessments and Taxation, that individual is not identified on the license and may have no operational role or knowledge of the actions taking place at the premises itself. For both the ATCC and Comptroller, this lack of critical information hinders the ability to identify and

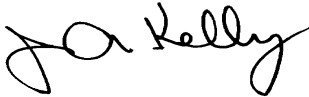
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<sup>1</sup> See Code, Alc. Bev. Can. MD Code, Alcoholic Beverages, § 3-201, and § 4-202.

issue citations to hold leadership of the business accountable for violations. This also results in front line employees, such as cashiers, being disproportionately impacted by fines, jail penalties, and other collateral effects of contact with the criminal justice system. Officers and owners who control decisions about how businesses operate and benefit from the overall profits of those businesses are often insulated from similar accountability.

**Accordingly, the ATCC requests the Economic Matters Committee to issue a Favorable Report on HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties.**

Sincerely,

A handwritten signature in black ink, appearing to read "JA Kelly", written in a cursive style.

Jeffrey A. Kelly  
Executive Director



# **HCCC\_HB 577\_FWA.pdf**

Uploaded by: Andrew Griffin

Position: FWA



February 12, 2025

Legislative Position: Favorable with Amendments

House Bill 577

Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties

House Economic Matters Committee

Dear Chairman Wilson and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber works in partnership with our elected officials to advocate for the interests of the county's business community.

As introduced, House Bill 577 (HB 577) would authorize the Comptroller to issue citations to enforce certain business license regulations. It also adds a new requirement that business license applicants designate an individual as the license representative for the purposes of being subject to certain penalties for violations.

The Howard County Chamber appreciates the bill's intent to narrow the scope of enforcement and penalty process, however, our members remain concerned with the appearance that HB 577 would grant new authority to the Comptroller to issue and enforce violations for various state business licenses. Further, our members believe that the new provisions requiring a business to designate a license representative can already be done with existing means.

Further, HB 577 requires that the business license representative to be a Maryland resident and to assume responsibility and liability for penalties and violations. Ultimately, our membership believes the business owner or the person currently listed on the business license should be held liable for violations, not a designated individual employed by the owner. The requirement that the designated representative be a Maryland resident seems to be arbitrary in the sense that a business owner's responsibility to maintain a license should apply regardless of residency.

HB 577 also removes a provision (page 3, line 18) that appears to hold only those directly engaged in unlicensed business activities liable. By removing this, it becomes unclear who should be held responsible, potentially shifting liability to individuals who may not have been involved in the violation at all. This would be at odds with the intended purpose of the legislation, to narrow the scope of liability.

Overall, our membership believes there is a more direct way of addressing these concerns, by holding the business owner or the individual on the license responsible for violations. There is also concern about the



appearance of increased citation authority. For these reasons, the Howard County Chamber looks forward to working alongside the Comptroller's office to come up with language that achieves the intent of HB 577 without creating confusion and redundancy.

Sincerely,

Kristi Simon  
President & CEO  
Howard County Chamber of Commerce

# **HB 577\_MDCC\_Business Regulation - Miscellaneous St**

Uploaded by: Grason Wiggins

Position: FWA



## House Bill 577

Date: February 12, 2025

Committee: House Economic Matters

**Position: Favorable with Amendments**

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Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

House Bill 577 (HB 577) seeks to authorize the Comptroller to issue citations to enforce certain business license regulations. It also requires business license applicants to designate an individual as the license representative, who would be subject to certain penalties for violations.

While the Chamber appreciates the bill's intent to streamline and strengthen the enforcement and penalties process, we are concerned that HB 577 would grant additional authority to the Comptroller to issue and enforce violations for various state business licenses, making the process more confusing for businesses.

HB 577 requires that business license applicants designate a license representative, who must be a Maryland resident, to assume responsibility and liability for penalties. We believe that the business owner should be the one held liable for violations, not a third-party individual employed by the owner.

We do not believe someone other than the owner should be selected as the individual who must take on individual responsibility and liability for violations. Many businesses, especially those headquartered outside Maryland—particularly in neighboring states—may not have employees residing in Maryland, making this requirement problematic and likely unworkable. Additionally, the Chamber is concerned about the fairness of assigning liability to individuals employed by a company instead of holding the business owner accountable for violations and penalties related to the business license.

HB 577 also removes the provision (page 3, line 18) that held only those directly engaged in unlicensed business activities liable. By doing so, it becomes unclear who should be held responsible, potentially shifting liability to individuals who may not have been involved in the violation at all.

Overall, the bill as introduced is confusing and raises concerns about the increased authority it grants to the Comptroller. The broad enforcement powers outlined in HB 577 could be applied differently by future officeholders, leading to inconsistency in enforcement.

For these reasons, the Chamber respectfully requests a **favorable report with amendments** on HB 577.



# **HB577\_NFIB\_unfav (2025).pdf**

Uploaded by: Mike O'Halloran

Position: UNF



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NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – [www.NFIB.com/Maryland](http://www.NFIB.com/Maryland)

TO: House Economic Matters Committee

FROM: NFIB – Maryland

DATE: February 12, 2025

RE: **OPPOSE HOUSE BILL 577** – Business Regulation – Miscellaneous State Business Licenses  
– Enforcement and Penalties

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB opposes House Bill 577 – legislation granting the Comptroller's office authority to issue citations to enforce business licensing regulations. It also requires business owners to name a Maryland resident on a business application as the individual criminally and financially liable for these citations.

This bill is not needed. The Comptroller has the authority, through the rulemaking process, to require information the office deems necessary on a license application – see [Business Regulation Article §17-302 \(f\)](#).

Current law holds the “agent or officer of a corporation convicted of violating [the law] who actually engaged in the unlicensed business” is subject to any penalties. HB577 removes this provision creating a liability concern (Page 3, Lines 17-19).

NFIB feels the current law provides effective enforcement authority for the Comptroller to go after unlicensed businesses. For these reasons, **NFIB opposes HB577** and requests an unfavorable report.