



APRIL 1, 2026

Landlords Should Have to Follow Standard Debt Collection Rules

Position Statement in Opposition to Senate Bill 589

Given before the House Economic Matters Committee

Debt collectors and landlords need more oversight, not less. Yet SB 589 would stop enforcement of Maryland's debt collector licensing law just for landlords while a court case is pending. The General Assembly should not pass a statewide ban on enforcing a consumer protection law just for landlords. SB 589 would leave renters without a critical remedy to address abusive or deceptive collection behavior. **For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Economic Matters Committee issue a unfavorable report for SB 589.**

The question of whether property managers must be licensed as debt collectors is currently on appeal before Maryland's Appellate Court in *Smith v. Bozzuto Management Company* and is being litigated in actions by the Attorney General and others. This committee should wait until *Smith v Bozzuto* is decided and then determine the appropriate next steps.

There is no justifiable reason for the legislature to step in and act in lieu of the courts, effectively establishing a statewide judicial stay of enforcing a consumer protection law. There are additional legal actions pending against property managers for abusive debt collection practices, and this legislation effectively puts the legislature in the role of the courts, intervening in those pending cases.

At the heart of this legislation is the question of whether property managers should be licensed to collect rent and other fees – just as anyone else collecting a debt owed to another person must be licensed at this time. While we believe the courts should be given room to make this ruling, we also fundamentally believe this licensing is an appropriate requirement, and not an undue burden.

Currently, unlike most other professions, property managers are not licensed. Eliminating the requirement to hold a debt collection license means that victims of deceptive, harassing, or predatory collection tactics will not be able to hold abusive landlords accountable through the oversight, regulation, and enforcement of the Office of Financial Regulation. If the underlying concern is that property managers cannot qualify for debt collection licenses, then that issue should be addressed – not waiving licensing requirements altogether.

Small landlords are not impacted by this legislation. If they collect the rent themselves, they do not have to be licensed as a debt collector. If they hire a professional property manager to collect rents, the manager should be licensed, not the owner.

For these reasons, the Maryland Center on Economic Policy respectfully urges an unfavorable report on Senate Bill 589.

Equity Impact Analysis: Senate Bill 589

Bill summary

SB 589 would exempt property managers from Maryland’s debt collection licensing requirements while ongoing litigation is pending. This effectively pauses enforcement of an existing consumer protection law specifically for landlords and property managers, limiting oversight and accountability in rent and fee collection practices.

Background

The issue of whether property managers must be licensed as debt collectors is currently under review in *Smith v. Bozzuto Management Company* and related legal actions. Existing law requires individuals collecting debts on behalf of others to be licensed, ensuring oversight by the Office of Financial Regulation. SB 589 would bypass this process before the courts have issued a final ruling.

Equity Implications

Black and Brown renters—who are disproportionately represented among low-income renters due to historic and ongoing housing inequities—would be most harmed by reduced oversight. Licensing requirements serve as a key accountability tool against abusive, deceptive, or predatory collection practices. Removing this safeguard increases the risk of unchecked harassment, improper fees, and coercive collection tactics in communities already facing higher eviction rates and financial instability. SB 589 would deepen existing racial disparities in housing stability and consumer protection by weakening one of the few enforcement mechanisms available to renters.

Impact

Senate Bill 589 will likely **decrease racial, health and economic equity** in Maryland.