



Senate Bill 589

Position: Favorable

Committee: Economic Matters

Date: April 1, 2026

Founded in 1968, the Maryland Chamber of Commerce (“Maryland Chamber”) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

Senate Bill 589 (SB 589) addresses the issue of whether property managers are required to obtain and maintain a debt collection agency license under Title 7 of the Business Regulation Article. Specifically, the *Christine Smith v. Bozzuto Management Company* (Case No. C15CV25000340) case - which directly examines whether routine property management functions fall under collection agency licensing requirements - has created a legal gray area that is disrupting failure-to-pay-rent cases, garnishment efforts, and landlord-tenant proceedings throughout the state.

In *Smith v. Bozzuto*, the court determined that property managers do not qualify as “debt collection agencies” under the Maryland Collection Agency Licensing Act (MCALA). Judge Rachel McGuckian concluded that the legislative history of MCALA demonstrates its intent to regulate entities operating within the debt collection industry—not property managers who incidentally collect rent as part of their broader responsibilities.

This conclusion was grounded in a detailed review of the statute’s legislative background, which indicates that the General Assembly aimed to curb abusive practices by professional debt collectors, rather than impose additional regulation on property managers. The court also highlighted that Maryland law already provides robust protections for tenants under Title 8 of the Real Property Article, as well as additional safeguards in local laws such as Montgomery County’s landlord-tenant provisions.

The Maryland Chamber supports the court’s reasoning that a “primary purpose versus incidental activity” framework is the appropriate way to determine whether an entity qualifies as a debt collection agency under MCALA. Under this framework, property managers are correctly understood as housing professionals whose primary role is to oversee and maintain residential properties, with rent collection serving as only a secondary function.

As amended, SB 589 provides a targeted, technical approach that critically addresses the growing disorder in Maryland’s District Courts and provides much-needed clarity for the multifamily housing sector while the *Smith v. Bozzuto* case remains unresolved. **For these reasons, the Maryland Chamber respectfully requests a favorable report on SB 589.**