



**SB 589 - Business Regulation - Collection Agencies - License Exemption for Property Managers
Hearing Before the Economic Matters Committee
April 1, 2026**

Position: OPPOSE (UNFAVORABLE)

To the Honorable Members of the Economic Matters Committee:

Community Legal Services (CLS) strongly opposes Senate Bill 589.

CLS is a nonprofit legal services organization providing free legal services to income-eligible Marylanders. Our testimony in strong opposition to Senate Bill 589 is **informed by sustained, long term, daily representation of tenants in connection with their landlord-tenant relations** and in eviction cases. CLS is a designated Access to Counsel in Evictions (ACE) provider, through which CLS serves thousands of individuals and families facing eviction every year.

SB 589 INTRUDES ON JUDICIAL AUTHORITY AND TURNS THE MARYLAND APPELLATE PROCESS UPSIDE DOWN

Rather than waiting for the conclusion of a pending appeal from a state Circuit Court case that involves a property manager and the MCALA (*Smith v. Bozzuto*), **SB 589 preemptively takes action to effectively exempt all property managers from compliance with the MCALA – now** - as if the case has already reached the Supreme Court of Maryland and the property manager was successful in **overturning current Maryland Appellate Court precedent and decades of Office of the Attorney General interpretation of the MCALA.**

By legislating the outcome sought by one party to pending litigation before that litigation concludes, **SB 589 unfairly favors one party and that party’s industry** (Bozzuto, and every other unlicensed property management company in the state), and **sets a dangerous precedent for legislative involvement in pending litigation.** For Maryland renters, SB 589 **delays justice for Maryland residents** affected by noncompliance with the MCALA and **interferes with other pending appeals and litigation** involving the MCALA.

MANY UNANSWERED QUESTIONS

Moreover, this bill leaves many questions unanswered, among just a few:

1. What if the current Bozzuto appeal is dropped by the tenant, but another, similar case is appealed by a different tenant? Would the OAG have to delay enforcement of the MCALA while that case proceeds through the appellate process?

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2. What if another type of debt collector wants an exemption from the MCALA, so they appeal a decision against them? Could their entire industry expect a similar stay on enforcement from the legislature while that appeal goes through the appeals process? Could they legitimately request a stay on pending legal proceedings to seek help from the legislature in the next legislative session?
3. What happens to tenants' new MCALA claims during the pendency of the Bozzuto appeals process? Can they not be raised by tenants because the legislature has prohibited the OAG from enforcing the MCALA?
4. What about currently/already pending litigation involving tenants and unlicensed property managers (CLS has several) and complaints currently being investigated by the Consumer Protection Division?
5. Can the OAG start enforcing the MCALA if Bozzuto loses the current appeal but appeals to a higher court? Is it different if the tenant loses and it's the tenant who appeals to a higher court?

THE MCALA IS NOT A NEW OR “SURPRISING” REQUIREMENT FOR MARYLAND PROPERTY MANAGERS

Despite the repeated claims to the contrary by proponents of this bill, **property managers are not suddenly facing a new, surprising, or unexpected interpretation of the MCALA.**

1. The **MCALA has been in force for more than 45 years**. The plain language of the Act makes it clear that property managers who collect rent on behalf of property owners (landlords) are debt collectors within the meaning of the MCALA.
2. **Interpretation by the Office of the Attorney General has been consistent since the MCALA was enacted in 1980**. The official opinion of the Maryland Attorney General has not wavered: rent collectors, including property managers, must be licensed as collection agencies. 65 Op. Att’y 316 (1980) and subsequent official interpretation. The January 2025 Attorney General opinion that has been characterized as a new interpretation of the law is nothing of the sort. It was issued in response to a request from a senator for a “confidential” OAG opinion and then shared with industry groups, including the Maryland Multi-Housing Association (MMHA) and the Apartment and Office Building Association (AOBA). **The January 2025 letter simply reaffirms the Attorney General’s interpretation dating back to 1980 and cites supporting case law** over the years. What is new is not the law—it is the industry’s effort to eliminate oversight.
3. **Maryland Appellate Court reaffirmed in 2022 that the MCALA requires property management companies to have debt collection licenses**, holding “that the plain language of the MCALA is not ambiguous.” See *Williams v. eWrit*, 253 Md. App. 545, 558 (2022).

PROHIBITING ENFORCEMENT OF THE MCALA – EVEN TEMPORARILY - WOULD CAUSE IMMEDIATE HARM TO MARYLAND RENTERS

SB 589 would harm renters even if it is a temporary prohibition on enforcement of the MCALA. In our practice at CLS, we see some of the worst rent collection practices by property managers. We have seen property managers **shut off electricity and/or water, tow cars** from designated parking spaces, use **threats** and **blatant misrepresentations** of the law, make repeated and **harassing phone calls** to tenants, and do repeated and intrusive **in-person “pop-ins”** at tenants’ homes to demand payment. We have seen clients whose property managers **withhold making necessary repairs** to properties unless payment is made even though tenants can lawfully withhold rent when unsafe property conditions are not repaired, and more often than one would expect, clients have reported property managers offering to make **concessions on rent in exchange for personal favors**. In short, coercive tactics by property managers are commonplace.

The MCALA requirement for licensing does not deter all bad practices by licensed property managers, but the possibility of losing the license (and thereby not being able to use the courts to evict tenants) does deter some of the worst abuses. The licensing requirement - or more accurately, the risk of loss of the license - deters some of these actions by licensed property managers. However, **in our experience, the unlicensed property managers - which is what all of them will be, at least temporarily, if this bill passes - represent the worst of the worst** when it comes to abuses of the rent collection process. Removing the threat of enforcement of the licensing requirement for all property managers would put them all in the unlicensed boat and, in our view, create a free pass for all of them to engage in bad behavior because there will be a lack of meaningful consequences.

CONCLUSION

Many - perhaps most - property management companies abide by Maryland law and have debt collection licenses. **This bill is being pushed by and will benefit the others – companies that don't follow the law.** We urge this Committee not to actively protect unlicensed property managers from consequences for their failure to obey *the only state regulatory license required of them* by prohibiting enforcement of the MCALA, even temporarily.

For the reasons noted above, Community Legal Services respectfully requests the Economic Matters Committee issue an **UNFAVORABLE report on Senate Bill 589**. Please feel free to contact Lisa Sarro, Esq., at Sarro@clspgc.org or Jessica Quincosa, Esq., at Quincosa@clspgc.org with any questions.