



Bill: SB 589 - Business Regulation - Collection Agencies - Licensure Exemption for Property Managers

Committee: Economic Matters

Date: April 2, 2026

Position: Favorable

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in support of Senate Bill 589.

As introduced, SB 589 would have exempted property management companies from the debt collection licensing requirement under the Maryland Debt Collection Agency Licensing Act (MCALA). The amended bill strikes the licensing exemption for property management companies and stays enforcement of MCALA until the resolution of [Smith v. Bozzuto](#), Case No. C-15-CV-25-000340. This stay of enforcement is necessary because MCALA has caused confusion in the courts, and has resulted in some eviction cases being thrown out because a landlord did not have a debt collection license.

In the Bozzuto case, the Circuit Court ruled that property management companies do not need to be licensed debt collectors because the purpose of MCALA is to regulate financial services companies not property management companies whose primary purpose is not debt collection. The primary purpose of property management companies is to lease units and maintain safe and habitable properties.

Opponents of the original bill claim that the requirement for a statewide debt collection license is the only way to hold property managers accountable, and that without such a requirement, tenants lose a practical enforcement avenue. However, landlords must comply with all rental housing licensing regulations and consumer protection regulations at both the state and local level. These regulations can be found in Title 3 - Criminal Law, Title 8 - Landlord-Tenant, and Title 14 - Consumer Protection of the Maryland State code. Montgomery and Prince George's County layer their own requirements through their local housing and consumer protection codes.

Furthermore, opponents claim that when property managers request rent, this constitutes debt collection. However, rent does not become a debt unless a landlord pursues a monetary judgement against a tenant. This judgement is separate from an eviction case, which deals with possession of the property. As such, rent collection constitutes enforcement of the tenant's obligation to the written lease as agreed upon between the tenant and the property manager.

For these reasons, AOBA requests a favorable report on Senate Bill 589. Please contact Brian Anleu at banleu@aoba-metro.org with any questions or concerns.