



Senate Bill 589

Position: Favorable

Committee: Finance

Date: February 26, 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 provides important statutory clarity by confirming that certain property managers are not required to obtain a collection agency license when collecting rent, utilities, or fees on behalf of a property owner. The bill appropriately limits this exemption to situations where a property manager is collecting payments during the term of an active lease or lawful holdover period and where debt collection is not the manager’s primary business purpose.

Property management is fundamentally distinct from debt collection. Under Maryland law, property managers operate pursuant to the Real Property Article and Maryland’s landlord-tenant framework. Their core responsibilities include leasing, maintenance, tenant relations, financial reporting, regulatory compliance, and daily property operations. Rent collection is simply one administrative component of managing an ongoing housing relationship. Property managers do not purchase debt, pursue charged-off accounts, or operate independent debt recovery enterprises – the type of conduct the Collection Agency Licensing Act was designed to regulate.

This distinction has already been recognized by the Montgomery County Circuit Court in *Smith v. Bozzuto* (Case No. C-15-CV-25-000340). In that case, Judge Rachel McGuckian concluded that property managers are not “debt collection agencies” under the Maryland Collection Agency Licensing Act (MCALA). After examining the legislative history of the MCALA, the court determined that the statute was intended to regulate businesses in the debt collection industry, particularly those engaging in predatory practices – not professional property managers who incidentally collect rent as part of broader management duties.

The court further observed that Maryland law already provides comprehensive tenant protections under Title 8 of the Real Property Article, and that Montgomery County provides additional protections under Chapter 29 of the County Code. The legislature has created a detailed and housing-specific regulatory framework governing landlord-tenant relations, separate from laws regulating consumer debt collectors.

Importantly, even when rent remains unpaid, Maryland law treats these matters as housing disputes – not traditional debt collection actions. Failure-to-pay-rent proceedings under Real Property § 8-401 are summary actions focused on possession of the premises rather than the recovery of a money judgment. Property managers do not obtain judgments that permit wage garnishment, liens, or other conventional debt collection remedies. Instead, courts issue judgments for possession, and tenants retain statutory redemption rights up to the point of eviction.

Senate Bill 589 does not diminish tenant protections or consumer safeguards. All existing requirements regarding notice, court oversight, eviction procedures, and prohibitions against unfair or deceptive practices remain fully intact. The bill simply ensures that property managers are regulated as housing professionals consistent with their primary function, rather than misclassified as debt collection agencies.

By aligning regulatory oversight with the practical realities of property management and existing Maryland law, Senate Bill 589 preserves tenant protections while avoiding unnecessary and duplicative licensure requirements. **For these reasons, the Maryland Chamber of Commerce respectfully requests a favorable report on Senate Bill 589.**

