

DATE: February 26, 2026

BILL NO.: Senate Bill 589

TITLE: Business Regulation – Collection Agencies – Licensure Exemption for Property Managers

COMMITTEE: Senate Finance Committee

Letter of Information

Description of Bill:

Senate Bill 589 would exempt property managers who collect rent payments, utilities, or fees from residential tenants, from requirements to hold a license to do business as a collection agency from the State Collection Agency Licensing Board in certain circumstances. The exemption would apply when property managers are collecting rent during the term of the lease or if a tenant holds over after the end of a lease, and only if the property manager’s primary purpose with respect to the property isn’t to collect debts including rent, utilities, and fees.

Background and Analysis:

The State Collection Agency Licensing Board (“Board”) is responsible for licensing and supervising collection agencies operating in Maryland. In addition to processing license applications, the Board also monitors and disciplines licensees, receives written complaints, mediates disputes, and engages in enforcement actions to address violations of Maryland law. In general, the landlord/tenant relationship is naturally imbalanced, with landlords and their agents having more information and greater financial resources than tenants. Property managers have the potential to have an outsized impact on tenants’ lives in how they collect rent payments, utilities, or fees from tenants. The existing licensure requirements for property managers in their debt collection activities, and tenants having an avenue to report and respond to malfeasance by bad actors, are important counterbalances.

In addition to reducing existing tenant protections, the legislation potentially could introduce ambiguity and uncertainty over the applicability of the licensing requirements. Property managers may unknowingly cross a line where licensure is required, and tenants may be left without recourse they otherwise should have had.