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

Hearing before the Senate Finance Committee on Feb. 26, 2026

Position: Unfavorable

Members of the Senate Finance Committee:

Thank you for the opportunity to testify. Public Justice Center opposes SB 589 and urges the House Economic Matters Committee to issue an **unfavorable report**.

The Public Justice Center (PJC) is a nonprofit public interest law firm that stands with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing and their rights to fair and equal treatment by Maryland's landlord-tenant laws, courts, and agencies. We represent or advise over 800 renter households each year, and we advocate to change laws that further a human right to house.

SB 589 creates a special exemption for property managers from Maryland's debt collector licensing requirements without a substantial justification. **Exempting property managers from debt collector licensing will embolden bad actors to engage in more deceptive, abusive, and harassing debt collection tactics.**

For example, a large property management company sent our client – a disabled senior citizen who worked for local government for 20 years – the attached abandonment notice attached. The notice claims that the rent is past due; the landlord considers the apartment abandoned; and the landlord will treat the apartment as abandoned in 72 hours. The landlord had no good faith reason to believe that the property had been abandoned. Our client was in regular contact with the landlord about paying the rent as were we. The client was behind on the rent and was catching up. **This bad faith abandonment notice, however, caused our client to panic, lose sleep at night, and spiral into despair that she was about to be evicted any day, which was not true.**

Other examples of deceptive or predatory collection practices by property managers include: Threatening to call and calling Immigration Customs and Enforcement (ICE) if the family does not pay allegedly past-due rent; refusing to make repairs to dangerous housing conditions (e.g., lack of heat), until allegedly past-due rent is paid; misallocating tenants' rent payment to illegal fees, claiming rent is still due, and threatening to evict families for non-payment; and calling a renter's employer and complaining that the employee-renter is not current on the rent.

The only meaningful way for renters without an attorney to hold predatory property managers accountable is to [file a complaint with the Dept. of Labor, Licensing & Regulation \(DLLR\)](#). If SB 589 passes, this one accountability measure will disappear. Property managers will no longer need to be licensed, and so DLLR will no longer have jurisdiction over a complaint. Bottom line: **SB 589 will make Maryland's renting families less safe and secure in their homes.**

Whether property managers must become licensed as debt collectors is currently on appeal before MD's Appellate Court in *Smith v. Buzzuto Management Company*, Case No. ACM-REG-2264-2025. While we appreciate the sponsor's intent to have a uniform standard, we understand from DLLR that property managers are already able to become licensed, yet many are not. **The Committee should wait for the outcome of *Smith v. Buzzuto* before acting.**

Like other debt collectors, property managers are financially motivated to collect as much rent as possible for the owner, leading bad actors to use aggressive, deceptive tactics with impunity. Debt collection is central to a property manager's role. Many contracts between property owners and property managers specify that managers receive a percentage of the rent collected. Managers are often rated on how much of the rent due is collected. Managers engage in every aspect of rent collection, including sending notices to delinquent tenants and initiating eviction proceedings if the rent is not paid.

There is no separate licensing regime for property managers – only the current debt collector licensing requirement. Unlike barbers, contractors, lawyers, and virtually any other profession, there is no licensing regime for property managers. Some local jurisdictions have a residential rental property licensing program, but this is geared to making sure a rental property is habitable and provides a contact person to the locality. There is no relief under most local rental licensing regimes for tenants who have experienced deceptive, harassing, or predatory practices by a property manager. Only DLLR's complaint process fills this essential accountability role.

It is important to note that small landlords are already effectively exempt. If you own a property and manage the property yourself, you do NOT need to become licensed as a debt collector. Only persons who collect on a debt owed to a different person must become

licensed. If you own a property and contract out debt collection to a professional, the professional should become licensed. The owner does not need to be licensed.

Public Justice Center urges an **unfavorable** report on SB 589.