

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 577
Economic Matters

(The Speaker)(By Request - Office of the Comptroller)

Finance

Business Regulation - Enforcement for Miscellaneous State Business Licenses - Study

This bill requires the Comptroller's Office to study the process by which its Field Enforcement Bureau enforces miscellaneous business licenses under Title 17 of the Business Regulation Article. The Comptroller's Office must consult with certain stakeholders and, by December 1, 2025, submit a report of its findings and recommendations to the General Assembly. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The Comptroller's Office can conduct the study and prepare the report with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The report must include the following elements:

- a review of the process by which the Field Enforcement Bureau of the Comptroller's Office enforces the miscellaneous State business licenses;
- a review and recommendation as to whether civil citations could be used rather than (or in conjunction with) criminal citations to enforce the miscellaneous State business licenses;

- recommendations on how to ensure that the Field Enforcement Bureau can, for the purposes of license enforcement, properly identify and contact the owner, operator, or responsible party for a miscellaneous State business license;
- recommendations on how to ensure citations related to miscellaneous State business license enforcement are only issued to the business owner, operator, or responsible party; and
- recommendations on how the Field Enforcement Bureau can effectively issue citations related to miscellaneous State business license enforcement when the business owner does not reside in the State.

Current Law:

Miscellaneous Business Licenses

Title 17 of the Business Regulation Article applies to 15 categories of miscellaneous business licenses, including construction licenses, junk dealer or scrap metal processor licenses, restaurant licenses, traders' licenses, and vending machine licenses.

General Duties and Powers of the Comptroller and Related Penalties

To enforce provisions of State law governing certain business licenses, the Comptroller may make investigations and hold hearings on any relevant matter, at any time or place in the State, and, in connection with an investigation or hearing, may (1) administer oaths; (2) examine witnesses; (3) receive evidence; and (4) issue subpoenas for the attendance of witnesses to testify or to produce evidence.

Except as otherwise specified, a person who violates provisions of State law related to doing business without a license (and failure to display a license) is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$300 or imprisonment of up to 30 days. Each *agent or officer of a corporation* convicted of violating these provisions who actually engaged in the unlicensed business is individually subject to the penalties provided by law. This does not affect any other penalty specifically provided by law for a violation of a license law.

Background: The Comptroller's Office advises that, under the provisions described above, when a business engages in unlicensed activity, *each* agent or officer is individually subject to the applicable penalties, which can include a misdemeanor and a \$300 fine. The Comptroller's Office further advises this provision can lead to enforcement actions on individuals who have nothing to do with the licensing or operation of the business – but are nevertheless potentially subject to penalties.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 664 (The President)(By Request - Office of the Comptroller) - Finance.

Information Source(s): Comptroller's Office; Maryland Department of Labor; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2025
rh/mcr Third Reader - March 20, 2025
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Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510