

Part H

Business and Economic Issues

Legislation Related to Program Evaluation

During the 2001 interim, several boards and commissions underwent evaluation as part of the third cycle of an evaluation process commonly referred to as sunset review. Typically, the boards and commissions subject to evaluation require positive legislative action to extend the sunset (or termination) date for the board or commission. Because of the large number of evaluations during the 2001 interim, an effort was made to smooth the workload for the next (fourth) cycle of evaluations by staggering the termination dates for some of the boards and commissions rather than using the typical ten-year extension.

Four preliminary evaluations resulted in legislation to extend termination dates and require evaluations in the future:

- The licensing and regulation of security systems technicians (under the Maryland Security Systems Technicians Act) by the Maryland State Police began in 1996. *Senate Bill 125/House Bill 154 (both passed)* extend the termination date for the program to July 1, 2016, and require an evaluation to be completed by July 1, 2015.
- The State Board of Law Examiners was established in 1898 to regulate admissions to the bar in Maryland. *House Bill 155 (passed)* extends the termination date for the board to July 1, 2010, and requires an evaluation to be completed by July 1, 2009.
- Because of its unique responsibility in certifying certain financial records, public accountancy is licensed in all 50 states, the District of Columbia, and various U.S. Territories. *Senate Bill 124/House Bill 159 (both passed)* extend the

termination date for the State Board of Public Accountancy to July 1, 2015, and require an evaluation to be completed by July 1, 2014.

- With the State Board of Foresters, which was established in 1972, Maryland is one of 16 states which currently license the forestry profession. *Senate Bill 128/House Bill 156 (both passed)* extend the board's termination date to July 1, 2015, and require an evaluation to be completed by July 1, 2014.

Five boards or commissions which had undergone preliminary evaluations during the 2000 interim underwent further review during the 2001 interim:

- State Board of Master Electricians;
- State Board of Pilots;
- State Commission of Real Estate Appraisers and Home Inspectors;
- Board of Boiler Rules; and
- Board of Examining Engineers.

Senate Bill 456/House Bill 487 (both passed) extend the termination date for the State Board of Master Electricians to July 1, 2013, and require an evaluation to be completed by July 1, 2012. In addition, the bills require each local jurisdiction that licenses master electricians to report disciplinary actions to the board for dissemination to every local jurisdiction and submit to the board an annual report by December 1 on complaints against master electricians licensed in the local jurisdiction.

Senate Bill 457/House Bill 489 (both passed) extend the termination date for the State Board of Pilots to July 1, 2013, and require an evaluation to be completed by July 1, 2012. In addition, the bills clarify that the board is supported by the general fund and codify certain fiscal practices of the board related to disability payments to pilots and the maintenance and repair of major equipment owned by the Association of Maryland Pilots.

Senate Bill 417/House Bill 485 (both passed) extend the termination date for the State Commission of Real Estate Appraisers and Home Inspectors to July 1, 2013, and require an evaluation to be completed by July 1, 2012. In addition, the bills alter the composition of the board between the different types of appraisers, eliminate specific geographic membership requirements, and establish certain fees in statute. Because of budgetary concerns, the bills delay the requirement for licensing home inspectors to July 1, 2003.

The Board of Boiler Rules and the Board of Examining Engineers were evaluated together because the boards impact the same industry. The recommendations and resulting legislation for the boards were combined, but distinctly different. *Senate Bill 455 (passed)* extends the termination date for the Board of Boiler Rules to July 1, 2014, requires an evaluation to be completed by July 1, 2013, and expands the membership of the board. The bill extends the termination date of the Board of Examining Engineers to July 1, 2005. Because the current board licenses examining engineers (also known as stationary engineers) only in Baltimore City, the board and the Department of Labor, Licensing, and Regulation must report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee by October 1, 2003, on a proposed structure and implementation of a statewide licensing program for stationary engineers.

Business Occupations

Real Estate

Continuing Education

Senate Bill 560/House Bill 52 (both passed) require an applicant for a real estate salesperson, associate broker, or broker license to successfully complete a three-hour course in real estate ethics approved by the Maryland Real Estate Commission. These bills also modify continuing education requirements. Generally, a licensee must complete 15 hours of continuing education to qualify for renewal. However, if a licensee possesses a graduate degree in law, business, or real estate, or if the licensee has been licensed for ten consecutive years and holds a real estate designation from a nationally recognized trade association, the continuing education requirement may be satisfied with 7.5 hours. Every two years, a licensee must complete a three-hour course that includes the Maryland Code of Ethics and discussion of the practices of flipping and predatory lending. Further, these bills provide for reciprocity in the continuing education requirements.

Nonresident Brokers - Reciprocity

Senate Bill 523/House Bill 596 (both passed) authorize the Maryland Real Estate Commission to approve a nonresident commercial real estate broker to engage in a transaction in the State if the nonresident broker enters into a written agreement with a State-licensed broker and is licensed in a jurisdiction that allows a Maryland broker to obtain a license under similar circumstances. A nonresident broker who is approved by the commission is issued a temporary license to provide real estate broker services in the State. A nonresident real estate salesperson may only engage in a transaction in the State if the salesperson provides services under the direct supervision of a nonresident real estate broker.

Advertising and Use of Trade Name

House Bill 704 (passed) authorizes a licensed associate real estate broker or salesperson to provide brokerage services under a trade name that has been approved by the Maryland Real Estate Commission. A trade name is a name other than a licensee's full legal name and includes a first name, nickname, or last name. *House Bill 704* also prohibits a licensed associate broker or salesperson from advertising unless the advertisement includes, in a meaningful and conspicuous manner, either the licensee's name or trade name, as well as the name of the business with which the licensee is affiliated. The commission may deny a license, reprimand a licensee, or suspend or revoke a license if an individual violates provisions relating to the advertising or use of a trade name.

Docking Masters

Senate Bill 580 (passed) authorizes the State Board of Docking Masters to issue three types of docking master licenses based on the size of vessels: (1) a 37-foot draft license; (2) a 43-foot draft license; and (3) an unlimited license. Current law authorizes the issuance of a general docking master license. The bill specifies the qualifications and fees for each type of license. The bill establishes a trainee docking master program and the qualifications for applicants to the trainee docking master program. The board may choose and appoint the necessary number of trainee docking masters to the program from a list of qualified applicants.

The bill also authorizes the board to determine whether evidence used in an investigation by the U.S. Coast Guard against a licensed docking master is sufficient to warrant the suspension or revocation of the license by the board. Alternatively, the board may impose civil penalties on a licensee in lieu of the suspension or revocation of the license.

Public Accounting

House Bill 81 (passed) enables the State Board of Public Accountancy to offer licensing examinations more than twice a year. The bill also authorizes the board to select an examination that is equivalent to the examination prepared by the American Institute of Certified Public Accountants (AICPA).

Private Detectives, Security Systems Technicians, and Security Guards

House Bill 429 (passed) makes several changes to the laws governing private detectives, security systems technicians, and security guards, as regulated by the Department of State Police. In addition to placing all of the licensing of these occupations on three-year staggered terms, the bill:

- for private detectives, protects confidential information obtained from applicants, reduces the application fee, and establishes license renewals;
- for security systems technicians, alters the license and registration renewal processes; and
- for security guards, requires uniformed guards to display their ID cards.

House Bill 1116 (passed) alters the format of a licensing certificate for an individual first licensed in another state under the Security Systems Technicians Act. This bill authorizes the Department of Education, in conjunction with the Secretary of Labor, Licensing, and Regulation, to establish by regulation a cooperative education program under which a minor may learn the security systems trade. *House Bill 1116* also alters the composition of the five-member advisory panel that the Secretary of State Police may appoint for a hearing before taking a final action against an applicant or registrant. Further, the bill provides that a hearing before an advisory panel does not preclude a hearing before the Secretary of State Police.

Business Regulation

Cemetery Oversight

House Bill 80 (passed) alters several provisions of law relating to requirements for cemeteries primarily relating to perpetual care trust funds. For general consumer protection, *House Bill 80* requires disclosure on sales materials and modifies the initial amounts and additional deposits required to establish and maintain adequate funding for cemeteries. In addition, there is increased protection for perpetual care trust funds from judgment, execution, seizure, garnishment, attachment, or other seizure due to bankruptcy or other alienation. *House Bill 80* contains other provisions relating to the authority of the director of the Office of Cemetery Oversight, fidelity bond requirements, and powers of trustees.

Regulation of Crematories

For the last two sessions, the General Assembly considered regulating crematories in the State. In addition, the recent news about a crematory in Georgia that was in violation of Georgia law increased the focus on this issue in Maryland. *Senate Bill 143/House Bill 326 (both failed)* would have required crematories to register with either the Board of Morticians or the Office of Cemetery Oversight. Registration would have been determined by whether the crematorium was located on the grounds of a cemetery or a funeral establishment. Maryland's one stand-alone crematory would have had to choose which board would be its regulator.

Home Builders

Regulation/Consumer Protection

Under *House Bill 79 (passed)*, the responsibility for holding surety bonds and letters of credit - and for the approval and monitoring of third-party warranty plans relating to home builders - is transferred from the Department of Labor, Licensing, and Regulation to the Consumer Protection Division (CPD) of the Office of the Attorney General. The bill centralizes within CPD all regulatory functions involving home builders. *House Bill 79* also requires a home builder to disclose to a buyer that the home builder must be registered with the CPD.

Registration Fees

House Bill 592 (passed) establishes an initial registration fee of \$600 for all home builders; a two-tier, biennial renewal fee of \$300 for home builders who have built 10 or fewer homes in the preceding calendar year; and \$600 for those who have built 11 or more. The bill repeals the requirement that fees must approximate the direct and indirect costs of administering the Maryland Home Builders Registration Act by the CPD. The provisions in *House Bill 592* terminate on December 31, 2005.

Home Improvement Contractors

Senate Bill 595 (passed) requires a licensed home improvement contractor to maintain at least \$50,000 of general liability insurance. Current law requires an applicant for a contractor license to maintain this level of insurance. If a contractor intends to cancel the required general liability insurance, the contractor must notify the Maryland Home Improvement Commission at least ten days prior to the effective date of the cancellation.

Rights and Responsibilities of Innkeepers

Senate Bill 251 (passed) authorizes an innkeeper to refuse to provide lodging or services to, or to remove from a lodging establishment, an individual for a number of reasons, including nonpayment for services, intoxication, creating a public nuisance, possession of controlled substances or firearms, or refusal to abide by posted rules or policies.

For individuals who are under age 18, *Senate Bill 251* authorizes an innkeeper to require a parent or guardian to: (1) accept liability for lodging and any damages; and (2) provide a valid credit card or make an advance cash deposit of up to \$500 to cover any charges incurred or damages caused by the individual. The innkeeper must refund any portion of the advance deposit not needed to cover reasonable charges for damages.

Senate Bill 251 also requires innkeepers to post a copy of the bill's provisions, together with all rules of the establishment, in a place at or near the guest registration desk and in each guest room. The bill may not be construed to alter the prohibition against discrimination applicable to innkeepers and lodging establishments.

Maryland Household Goods Movers Act

Senate Bill 578/House Bill 794 (both passed) prohibit a household goods mover from enforcing or threatening to enforce a carrier's lien against, or refusing to deliver, a consumer's household goods when providing household goods moving services for a move within the State. A violation of the Maryland Household Goods Movers Act is an unfair and deceptive trade practice under the Maryland Consumer Protection Act. Violators may also be subject to any other civil or criminal action provided by law.

These bills require the Consumer Protection Division of the Office of the Attorney General to report by December 1, 2003, to the Senate Finance Committee and the House Economic Matters Committee on: (1) the need for a registration process for household goods movers; (2) the number of complaints received; and (3) any enforcement action taken.

Motor Fuel

Dyed Diesel Fuel

Senate Bill 287 (passed) prohibits the use of dyed diesel fuel (untaxed home heating oil which is chemically the same as motor fuel) in a vehicle on a highway and prohibits the sale or delivery of dyed diesel fuel from a retail pump unless notification requirements regarding the dyed fuel are met. *Senate Bill 287* allows the Comptroller to detain a motor vehicle to inspect and test diesel fuel for compliance with the statute.

A violation of the bill is a misdemeanor subject to a fine of up to \$1,000, imprisonment for up to one year, or both. In addition to these misdemeanor penalties, the bill provides for additional monetary penalties which may be assessed by the Comptroller.

Public Service Companies

Public Service Commission

Public Service Commission and Office of People's Counsel Fund

Currently, an appropriation for the costs and expenses for the Public Service Commission and the Office of People's Counsel is included in the State budget and paid out of the State general fund, based on estimates and assessments made by the commission. *House Bill 135 (passed)* creates the Public Utility Regulation Fund to provide funding for the commission and the office. The fund serves as the holding account for funds currently collected to pay for all operational expenses of the commission and the office. No part of this nonlapsing fund may revert or be credited to the general fund or any other special fund. The bill also authorizes the commission to charge reasonable and nondiscriminatory fees, as set forth in the regulations, for specified filings and services.

Lastly, the bill provides that, unless a provision of the Public Utility Companies Article specifically requires the commission to act through regulation, the commission may implement any provision of the article by either order or regulation as the commission deems necessary and proper. This provision is construed to apply retroactively to any order issued, by the commission on or after June 1, 2000.

Cease and Desist Orders

The commission has broad authority to supervise and regulate public service companies to protect the public interest; promote adequate, economical, and efficient delivery of utility services in the State; and enforce compliance with requirements of the law by public service companies. In carrying out these duties the commission may conduct investigations, proceedings, and hearings; issue subpoenas, decisions, and orders; assess penalties and fines; adopt regulations; stay the enforcement of a regulation or order; and bring an action in circuit court. *House Bill 1148 (passed)* allows the commission to issue a summary cease and desist order to a person who is subject to its jurisdiction if the commission determines that the person has violated a statute, regulation, or order that directly concerns public safety or consumer protection and determines that immediate, substantial, and irreparable harm will result if the order is not issued.

Electricity

Universal Service Program Fund

The Electric Customer Choice and Competition Act of 1999, Chapters 3 and 4 of 1999, established the Electric Universal Service Program to assist low-income households with their electric bills. The program is operated by the Department of Human Resources with oversight by the commission and funding from the Universal Service Program Fund. The program provides bill assistance and payment programs, termination of service protection, and cost-effective reduction and management of energy consumption for low-income customers. Electric customers with incomes at or below 150 percent of the federal poverty level are eligible to participate in the program.

Moneys in the fund are provided by electric utilities through surcharges assessed on electric customer bills. In any year when there are unexpended moneys, those moneys are to be returned to the customer classes proportionate to how the customer classes paid into the fund.

Chapters 3 and 4 of the Acts of 1999 specified that \$34 million per year for fiscal years 2001 through 2003 would pay for this program. This is in addition to funds available through the Maryland Energy Assistance Program, which receives federal funds to assist low-income households with their energy bills.

In order to address ongoing implementation issues, *Senate Bill 832/House Bill 1130 (both passed)* allow the commission to retain unexpended moneys in the Universal Service Program Fund at the end of June 30, 2002, and make the moneys available for disbursement through June 30, 2003, to eligible customers who apply for assistance before July 1, 2002, and qualified for assistance from the fund during fiscal 2002. The bills also require the commission and the Department of Human Resources to study and report to the Governor and the General Assembly on issues relating to the participation in, expenditures from, and moneys needed by the fund by October 1, 2002.

Local Government Aggregation

The issue of aggregation of electricity demand by local governments was reintroduced in two forms. Under *House Bill 345 (failed)*, a county or municipal corporation would have been authorized to aggregate demand from residential and small commercial customers unless more than 20 percent of these customers had selected an aggregator other than the standard offer service supplier. This approach to aggregation is considered an “opt-out” approach since residents in the proposed aggregated jurisdiction would have been included in the aggregation unless they refused to participate.

Similarly, *Senate Bill 2 (failed)* would have authorized a county or municipal corporation to aggregate electric customers within its boundaries and would have allowed a combination of two or more counties or municipal corporations to aggregate demand

within their boundaries. This approach to aggregation, considered an “opt-in” approach, would have allowed the residents to initially choose whether to be a part of the aggregation.

Telephones and Telecommunications

Telecommunications Carriers – Competition Requirements

In a complaint proceeding between two public service companies, there is no statutory time frame after the close of the record within which the commission must issue a decision and order. Generally, a proposed order of a commissioner or hearing examiner becomes final unless a party to the proceeding notes an appeal to the commission within 30 days.

House Bill 1164 (passed) requires the commission to issue a decision and order within 180 days after the close of the record in a complaint proceeding between two public service companies. The time frame within which a proposed order of a commissioner or hearing examiner must be appealed before becoming final is 30 days, unless the order specifies a shorter period of at least seven days. In addition, *House Bill 1164* authorizes the commission to adopt regulations and policies consistent with federal law, policies, and regulations governing the development of competition in the telecommunications services market, as well as with applicable State law.

Telephone Lifeline Service

Telephone lifeline service is a local telephone service provided to eligible subscribers that provides discounted residential local exchange dial access plus the first 30 residential local untimed messages per billing month. *House Bill 62 (failed)* would have required the commission to adopt regulations to enhance enrollment in telephone lifeline service through dissemination of information and marketing to eligible subscribers.

Abbreviated Dialing Task Force

N11 systems use an abbreviated dialing code to enable callers to connect to services such as community information and referral services, nonemergency government services, and traffic information without dialing a seven- or ten-digit number. *House Bill 1146 (failed)* would have established a 15-member Abbreviated Dialing Task Force in the Department of Public Safety and Correctional Services to study the implementation and use of N11 systems, including financing, funding, and administration of N11 systems.

Moving Overhead Utility Lines Underground

In 2000, the Governor announced that overhead power lines in four communities would be buried underground as part of a pilot program to minimize power outages caused by storms. The project costs were to be shared by the State, local governments, and the utility companies. Communities in Maryland and other states have also relocated lines to reduce their visual impact. Moving overhead utility lines underground is often extremely expensive because of the need to protect the lines in conduits or pipes and to coordinate the lines for each utility. Federal transportation and community development funds may be available in some cases to help pay for utility relocation.

Senate Bill 653/House Bill 1089 (both passed) create a Task Force to Study Moving Overhead Utility Lines Underground and direct it to make recommendations that identify: (1) the best possible means of facilitating and reducing the costs of placing overhead utility lines underground; and (2) a process for coordinating construction, maintenance, and repair projects near roadways in municipal corporations, including moving utility lines underground. The task force must report its findings to the Governor and the General Assembly by December 31, 2003.

Natural Gas

House Bill 268 (failed) would have created a 15-member Natural Gas Universal Service Program Task Force to identify low-income gas customers who need assistance in paying their heating bills, identify forms of assistance for these customers, analyze assistance programs in this State and other states, identify assistance funding sources for these customers, develop models for assistance, and recommend options for meeting these customers' energy needs. Currently, gas customers may be eligible for assistance with their gas bills from the Maryland Energy Assistance Program.

Electric and Gas Companies

Use of Trade Names and Trademarks

There are no specific State statutory provisions governing the use of a trade name or trademark between a public service company and an affiliate. In 1998, acting under its general regulatory authority, the Public Service Commission issued standards of conduct relating to utilities and transactions with core-service and noncore-service affiliates. Although the standards prohibit any preferences for regulated utility services for a customer who uses an affiliate's services or products, they do allow advertising material used by the utility or its noncore-service affiliate to identify the affiliate's association with the utility. *Senate Bill 783/House Bill 1280 (both failed)* would have prohibited a business which sells, markets, installs, maintains, repairs, or provides specified products or services from using, as part of its trade name or trademark, the trade name or trademark of an electric or gas company if the business was owned wholly or

in part, directly or indirectly, by the electric or gas company or the parent company of the electric or gas company.

Electric Cooperatives

In accordance with Chapter 604 of the Acts of 1999, *Senate Bill 129/House Bill 153 (both passed)* recodify provisions on the organization and operation of electric cooperatives in the Corporations and Associations Article. For a more detailed discussion of these bills, see the subpart “Corporations and Associations” under Part I - Financial Institutions, Commercial Law, and Corporations of this *90 Day Report*.

Insurance

Insurance Administration and Regulation

Evaluation of the Maryland Insurance Administration under the Program Evaluation Act

During the 2001 interim, the Department of Legislative Services (DLS) conducted a full evaluation of the Maryland Insurance Administration (MIA) under the Program Evaluation Act. *Senate Bill 472 (passed)* embodies some of the statutory recommendations developed by DLS during the evaluation. *Senate Bill 472* requires the next review of MIA to be completed on or before July 1, 2012.

MIA’s Annual Report: *Senate Bill 472* requires MIA’s annual report to be completed by December 31 of each year. The bill requires the report to include information on MIA’s operations and on the complaints and cases filed with the Insurance Fraud Division in the previous fiscal year.

Fees and Financing of MIA: *Senate Bill 472* repeals the fees charged for appointments and terminations of insurance producers. The bill increases from 40 to 60 percent the percentage of MIA’s annual budget that is funded by an industry assessment and alters the formula for allocating this assessment among the various lines of insurance. The bill changes: (1) the health insurer portion to 40 percent of the assessment; (2) the life insurer portion to 26 percent of the assessment; and (3) the property and casualty portion to 34 percent of the assessment. The bill requires that the annual assessment be paid by a date determined by the Insurance Commissioner. The bill authorizes MIA to establish a reserve equal to 5 percent of its budget and to impose an additional assessment if MIA’s revenues are insufficient to cover MIA’s expenditures because of an unforeseen emergency. MIA is allowed to recoup administrative costs associated with collecting the State’s insurance premium tax by retaining a portion of the tax revenues collected each quarter.

Reporting Requirement: In addition to its statutory recommendations, DLS made various nonstatutory recommendations, including maintaining a high-quality staff to perform MIA's functions, addressing the lack of an appropriate MIA administrative hearing room, and enhancing communication with licensees. *Senate Bill 472* requires MIA to report to the House Economic Matters Committee and the Senate Finance Committee by October 1, 2002, on the implementation of recommendations from the evaluation report prepared by DLS.

Certificates of Authority

House Bill 1456 (passed) repeals the mandatory forfeiture requirements imposed by the Insurance Commissioner when an insurer fails to renew its certificate of authority by June 30 each year. Instead, *House Bill 1456* gives the commissioner discretion to impose a penalty or a forfeiture requirement.

Subpoenas

Senate Bill 158 (passed) authorizes a subpoena issued by the Insurance Commissioner to be served in the same manner as a service of process in a civil action in a circuit court (certified mail/restricted delivery). Current law requires a subpoena issued by the commissioner to be served in the same manner as a subpoena of a circuit court (private process server).

Budget Reconciliation and Financing Act

Senate Bill 323 (passed), the Budget Reconciliation and Financing Act (BRFA), transfers \$2 million from the Insurance Regulation Fund to the State general fund. These funds will be transferred despite current law which provides that any fund balance attributable to the regulatory assessment must be returned to the insurance companies by MIA through a lower assessment fee the following year. In a recent audit report, the Office of Legislative Audits identified \$4.4 million in the fund balance as attributable to the assessment fee. MIA has approved budget amendments for computer system enhancements and expenses related to the CareFirst conversion of \$1.7 million, which would reduce this excess to \$2.7 million. The transfer is intended by MIA to reflect \$1 million of the \$2.7 million balance attributable to the assessment fee and \$1 million of licensing fees collected in July 1999 and inadvertently deposited to the Insurance Regulation Fund instead of the general fund. Under statute, the \$2.7 million should be used to reduce the assessment fee for fiscal 2003. After the transfer, only \$1.7 million will be available for an assessment fee reduction. For a more detailed discussion of BRFA, see the subpart "Operating Budget" under Part A - Budget and State Aid of this *90 Day Report*.

Property and Casualty Insurance

Delinquency and Collection Charges (Late Fees)

Senate Bill 335/House Bill 229 (both passed) increase, from \$5 to \$8, the allowable delinquency and collection charge (late fee) that a premium finance company may charge an insured under a premium finance agreement for private passenger motor vehicle or personal fire or liability insurance. *Senate Bill 335/House Bill 229* increase the maximum allowable cancellation charge that a premium finance company may charge an insured for private passenger motor vehicle or personal fire or liability insurance to the difference between \$15 and the amount of the late fee for the installment in default.

Insurance Rates Based on the Insured's Credit History

The use of an insured's credit history in underwriting and rating policies of homeowner's insurance or private passenger motor vehicle insurance is an increasingly common practice among insurance companies and continues to be the subject of much public policy debate. *House Bill 521 (passed)* prohibits the use of an individual's credit history in underwriting and rating homeowner's insurance and allows the use of credit for motor vehicle insurance rating under certain circumstances.

Homeowner's Insurance: For homeowner's insurance, *House Bill 521* prohibits an insurer from refusing to underwrite, cancelling, refusing to renew, rating a risk, or requiring a particular payment plan based on the credit history of an applicant or insured.

Motor Vehicle Insurance: For private passenger motor vehicle insurance, *House Bill 521* prohibits an insurer from refusing to underwrite, cancelling, refusing to renew, increasing the renewal premium, or requiring a particular payment plan based on the credit history of an applicant or insured. However, a private passenger motor vehicle insurer may rate a new policy based on the credit history of the applicant if the following criteria are met:

- The insurer may not use a factor on the credit history that occurred more than five years prior to the issuance of the new policy.
- The insurer must advise the applicant that credit history is used to rate a new policy and provide a premium quote identifying the portion of the premium affected by the applicant's credit history.
- The insurer may not consider a lack of credit history ("no hit") in rating the policy.
- If an applicant is adversely impacted by the use of credit history, the insurer must review the credit history of the applicant every two years, or upon the request of the insured, and must adjust the premium to reflect any improvement.

- An insurer that rates a new policy based on the credit history of the applicant may provide a premium discount of up to 40 percent or impose a premium surcharge of up to 40 percent. This provision terminates in two years.

House Bill 521 also requires the Insurance Commissioner to conduct a study on whether the use of credit scoring in the State has an adverse impact on any demographic group defined by race or socio-economic status. The commissioner must also study the impact of premium rates for policies issued by MAIF on the insurance market. The bill requires the commissioner to report the results of these studies to the Governor and General Assembly by January 1, 2004.

Premium Increases and Policy Cancellations

Notice to Policy Holders: An insurer other than the Maryland Automobile Insurance Fund (MAIF) must provide a private passenger motor vehicle insurance policyholder, at the time of issuance or renewal of the policy, a statement that: (1) defines the policyholder's rate classifications; and (2) includes a summary of the insurer's approved surcharge plan or driver record point plan for the policy. *House Bill 1002 (passed)* requires non-MAIF insurers, in the statement they are required to give to policyholders at the time of issuance or renewal of a private passenger motor vehicle insurance policy, to include a section that provides a general description of the factors, including credit information, that may contribute to an increase in a policy premium. The bill requires an insurer that markets private passenger motor vehicle insurance through insurance producers to make a copy of the statement available to its producers.

An insurer that intends to cancel, not renew, increase a premium for, or reduce coverage under a policy of private passenger motor vehicle insurance is required to send a notice to the insured at least 45 days before the proposed effective date of the action. *House Bill 1002* requires that a notice of premium increase include the amount of the increase in the premium for any coverage on the policy. The bill restricts the requirement that a private passenger motor vehicle insurer maintain the current insurance coverage and rate pending the resolution of a protest of a premium increase to increases of more than 15 percent. If a proposed increase is based on a credit score or information from a credit report, the bill requires an insurer to include specified information about the consumer reporting agency, including contact information for the consumer reporting agency. For a premium increase of 15 percent or less for the entire policy that is disallowed by the Insurance Commissioner, the bill requires the insurer to return all disallowed premiums received from the insured, with interest. The bill authorizes the commissioner to adopt regulations that exclude certain premium increases from the requirements applicable to premium increases.

Study by the Insurance Commissioner: The bill also requires the commissioner to study the feasibility of establishing an internal grievance process for resolving complaints about proposed adverse actions by private passenger motor vehicle insurers.

The bill requires the commissioner to report on the study's findings to the Governor and General Assembly by December 15, 2002.

Payment Plans: **House Bill 1002** also prohibits an insurer from requiring a particular payment plan for a private passenger motor vehicle insurance or homeowner's insurance policy based on the insured's credit history.

Homeowner's Insurance

Senate Bill 807/House Bill 1236 (both passed) authorize an insurer to cancel a homeowner's insurance policy that requires a one-time deposit for a stated amount of coverage (perpetual insurance) if the cancellation: (1) takes effect on the anniversary of the policy's inception; (2) is not based on a claim that occurred more than three years before the anniversary date of the policy on which the proposed cancellation would take effect; and (3) is otherwise in accordance with other anti-discrimination insurance laws.

Motor Clubs

House Bill 812 (Ch. 88) authorizes an applicant for a motor club service license, in addition to other types of security instruments, to deposit a letter of credit in the same amount as other authorized forms of security. The letter of credit must be in favor of the State for the applicant's members who reside in the State. **House Bill 812** specifies that the total liability of a bank under a letter of credit may not exceed the amount of the letter. The issuing bank may cancel the letter of credit after notifying the Insurance Commissioner at least 30 days before the effective date of the cancellation. Under **House Bill 812**, a motor club licensee may substitute any type of authorized security for any other type of authorized security, subject to the commissioner's approval.

Surplus Lines Brokers

House Bill 726 (Ch. 80) repeals the requirement that a surplus lines broker, in order to recoup the cost of an inspection required for the placement of surplus lines insurance, not have a financial interest in or receive compensation from the person who performs the inspection. Under the Act, a surplus lines broker is instead required to provide written disclosure of: (1) any financial interest in the person performing the inspection; and (2) whether the broker will receive compensation from the person who performs the inspection. The broker must also notify the prospective insured that the insured has the option to obtain the inspection from another person, subject to the approval of the surplus lines insurer.

Title Insurers

A title insurer must conduct an on-site review of the underwriting, claims, and escrow practices of each producer appointed as a principal agent. *House Bill 441 (passed)* repeals the requirement that a title insurance producer or agency that is appointed with a title insurer have on file with the insurer an annual statement of financial condition. Chapter 209 of 2001 exempted law firms and attorneys practicing in law firms from the filing requirement.

Horse Racing and Gaming

Horse Racing

The horse racing industry in Maryland employs more than 15,000 people and generates approximately \$600 million annually in direct economic activity for the State. Like other states, Maryland's racing industry has lost market share in recent years to other forms of commercial gaming. Some states, including two in this region, have sought to revive their industries by introducing slot machines at racetracks. Maryland has taken other approaches to restructuring its racing industry in recent years, including subsidizing purses, providing tax relief, and expanding marketing efforts.

Harness Racing Takeout

House Bill 1260 (failed) would have authorized representatives of harness racing tracks, owners and trainers, and breeders to agree to allocate the takeout for purses and the Maryland standardbred race fund in a way other than that specified under current law.

The bill would have repealed the Maryland Racing Facility Redevelopment Bond Program, which was established under the Racing Act of 2000, and would have also set the State racing tax rate and provided that a portion of the "take-out" be used for purses.

The bill would have taken effect July 1, 2003, in order to not affect funds from the bond fund that will be used to balance the budget or for purse enhancements, as discussed below.

Budget Reconciliation and Financing Act

The Racing Facility Redevelopment Bond Program was established under the Racing Act of 2000. The program was established to assist horse racing facilities with capital improvements through the establishment of the Racing Facility Redevelopment Bond Fund, which was designed to be used to pay any debt issued to make capital improvements at Maryland racetracks.

The bond fund consists of two sources: (1) additional takeout allocations; and (2) uncashed parimutuel tickets. Under *Senate Bill 323 (passed)*, the Administration proposes to transfer the portion of the fund estimated to be from uncashed parimutuel tickets. The bill also transfers \$4.5 million of the portion of the fund estimated to come from the takeout allocation to a special fund that will be used to primarily enhance horse racing purses. About 70 percent of the bonds will go towards thoroughbred racing purses, and 30 percent will go towards standardbred racing purses.

For a more detailed discussion of this bill, see the subpart “Operating Budget” under Part A - Budget and State Aid of this *90 Day Report*.

State Lottery

Multijurisdictional Lottery

Senate Bill 93 (passed) authorizes the State Lottery Agency, with the approval of the Lottery Commission and the Legislative Policy Committee, to enter into agreements to operate multijurisdictional lotteries with political entities outside the United States or private licensees of a state or a foreign nation. The bill provides the Lottery Agency with the opportunity to increase sales and revenues by allowing the agency to offer more games that involve other states or other countries. Offering more multijurisdictional games is anticipated to attract new players as well as increase interest among current players.

The International Lottery Alliance plans to introduce a new multijurisdictional game similar to Maryland’s Big Game in the spring of 2003. General fund revenues are estimated to increase by \$5.5 million in fiscal 2003 and by \$12 million in fiscal 2004. The fiscal 2003 revenues are being used to assist in balancing the fiscal 2003 budget.

For a further discussion of lottery issues, see the subpart “State Agencies, Offices, and Officials” under Part C - State Government of this *90 Day Report*.

Video Lottery Terminals

In each of the past several sessions, bills were introduced to allow the use of video lottery terminals (VLTs) (i.e., electronic slot machines) at the State's horse racing tracks or other tourist destinations. The primary rationale given for authorizing video lottery terminals in the State is to provide additional funding for specified State programs, including public education, as well as to assist Maryland's horse racing industry.

Legislation dealing with video lottery terminals was again considered in the 2002 session. *House Bill 732 (failed)* was a proposed constitutional amendment that would have: (1) authorized VLTs at up to four locations in the State (applicants would have had to have a license for a horse racing track); (2) provided for the regulation of VLTs by the State Lottery Agency; (3) provided that at least one-half of the net proceeds from VLTs were dedicated to a special fund used to support the recommendations of specified commissions, task forces, and public libraries; and (4) prohibited the General Assembly from adopting any laws authorizing any additional forms or expansion of commercial gaming.

Charles County – Gaming Permit Review Board

Under current law, the Charles County Gaming Permit Review Board consists of seven members, including a representative of the Charles County Sheriff's Office, a representative of the Department of State Police, a member of the clergy, a representative of a fundraising organization in the community, an individual with a background and experience in finance, and two individuals appointed from the county at large. Additionally, each board member must be a resident of Charles County. The board's chairperson is selected from among its members for a term set by the board.

House Bill 226 (passed) alters the composition of the Charles County Gaming Permit Review Board by replacing the member of the clergy with a third at-large member. The Charles County Gaming Permit Review Board was created in 1987 and meets quarterly.

Baltimore City - Bingo

Generally, local jurisdictions that permit organizations to conduct bingo have maximum limits on prizes awarded for a single game of bingo, but do not have a maximum limit on the total prizes awarded in a bingo event. The maximum value of all prizes awarded at a bingo event in Baltimore City may not exceed \$4,000. Any religious, fraternal, patriotic, educational, or charitable organization may conduct a bingo event in Baltimore City. *House Bill 1379 (passed)* increases from \$4,000 to \$5,000 the maximum value of the total of all prizes of money or merchandise that may be awarded by an organization conducting a bingo event in Baltimore City.

Economic and Community Development

Business Tax Credits

House Bill 762 (passed) allows businesses in distressed areas (Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties) to: (1) claim refunds from the One Maryland tax credit faster after they locate in the distressed county; and (2) apply the credits over a 14-year carry forward period if the businesses pay the majority of its employees at least 250 percent of the federal minimum wage (approximately \$25,750 per year). According to the Department of Business and Economic Development, 17 companies have declared their intent to use the One Maryland tax credit. Six of these businesses have received preliminary or final applications; these businesses plan to create a total of 884 jobs with aggregate wages of about \$20 million over the next five years.

Senate Bill 536/House Bill 783 (both failed) would have created a new certified capital company investment credit that would allow an insurer a tax credit against the insurance premium tax for investing in a certified capital company that in turn invests in a technology or bioscience business in the State. The legislation would have limited the amount of tax credits that may be claimed to \$12.5 million per year, up to a total of \$100 million. Several states, including Louisiana, Missouri, New York, Wisconsin, Florida, Colorado, and Texas have recently enacted similar programs. *Senate Bill 536* was referred to interim study.

Maryland Stadium Authority – Hippodrome Performing Arts Center

House Bill 1256 (passed) increases from \$12 to \$20.25 million the amount of the bonds that the Maryland Stadium Authority (MSA) can issue for the acquisition, construction, and related expenses of the Hippodrome Performing Arts Center. The bill decreases from \$23.5 to \$20.1 million the private commitment that MSA must secure to fund total acquisition and capital costs and increases from \$10 to \$17.4 million the amount of bond proceeds that MSA can use for certain expenses related to the Hippodrome.

Restoring and re-opening of the Hippodrome, a former Vaudeville playhouse, is the cornerstone of the West Side revitalization in Baltimore. The Hippodrome will be converted into a 168,000 square foot theater that is expected to attract large Broadway touring shows. Much of the project is supported by State, local, and private contributions and revenue bonds. MSA advises that it expects the Hippodrome to open in January 2004.

Eminent Domain

Under **House Bill 71 (failed)**, the Maryland Economic Development Corporation (MEDCO) would no longer have the authority to condemn property for its projects. MEDCO, a State-created corporation, issues bonds financed by private investors to participate in economic development projects. MEDCO may now use eminent domain to acquire property, rights, or easements for projects, subject to approval by two-thirds of the local legislative body. Since its creation in 1984, MEDCO has never used eminent domain for any of its projects.

House Bill 901 (failed) would have lifted the \$10,000 cap on State and local relocation assistance given to a business, nonprofit, or farm that needed to relocate as a result of eminent domain. The bill would also have required the Maryland Department of Transportation to develop regulations governing relocation benefits.

Resource Based Industries

In 2000 the legislature created the Task Force on Resource Based Industry in Maryland to determine whether the State needed to create a financing development authority to assist the agriculture, fishing, forestry, and mining extraction industries. The task force concluded that this authority was not necessary but recommended that the task force continue to operate and examine the current and anticipated economic development needs of resource based industries. **Senate Bill 735/House Bill 849 (both passed)** rename the task force as the Task Force on Resource Industry Business Development, expands the task force from 17 to 28 members, and directs it to recommend ways to improve the economic development of resource based industries to the Governor and General Assembly by September 30, 2003.

The General Assembly also endorsed **Senate Joint Resolution 18/House Joint Resolution 33 (both passed)**, a nonbinding resolution that directs State agencies to study the feasibility of developing an ethanol plant in Maryland, which would diversify the regional market for grain. According to the Maryland Department of Agriculture, grains and soybeans account for nearly 75 percent of the 1.6 million acres of crops produced in Maryland. Following the passage of the federal Clean Air Act Amendments of 1990, ethanol has been used as an oxygenate to reduce certain types of vehicle emissions.

Technology

The Maryland Technology Development Corporation (TEDCO) will have access to more federal grants and loans under *Senate Bill 307/House Bill 405 (both passed)*, which allow TEDCO to create or own nonprofit organizations or for-profit companies (such as a limited liability company) that are eligible for business grants. TEDCO is a State-created organization that promotes commercialization and transfer of technology research and, therefore, is not eligible for some federal aid such as Small Business Administration microloans for startup firms.

Housing Financing Programs

House Bill 1188 (passed) requires all homebuyers who receive loans from the Department of Housing and Community Development (DHCD) through the Settlement Expense Loan Program to receive homeownership counseling or education. If the local jurisdiction in which the home is being purchased does not require education or counseling, the loan recipient must complete homebuyer education or housing counseling that meets standards established by DHCD. The Downpayment and Settlement Expense Loan Program helps eligible homebuyers buy either single-unit homes or residential buildings with no more than four units by providing loans for settlement expenses, including closing costs and appraisal fees.

House Bill 446 (passed) repeals the requirement that a building has to be constructed primarily for use as office or other commercial space to qualify for the State Rental Housing Production Program, which provides funds to cover the costs of constructing, rehabilitating, or acquiring rental housing or for mortgage assistance.

DHCD will be able to sell mortgage loans financed by the Maryland Home Financing Program and to sell the loans at a discount at its discretion under *House Bill 1217 (passed)*. The bill also authorizes DHCD to transfer money received from mortgage loan sales to the Homeownership Programs Fund or to use money in that fund to repurchase or pay the costs for servicing a loan that was sold. The bill also recommends that proceeds from the sale of a mortgage that was provided to an individual with a disability be used for future loans to individuals with disabilities.

Native American Tribe Recognition

House Bill 342 (failed) would have required the Commission on Indian Affairs to submit a recommendation for State recognition of a Native American tribe, band, or group if the commission has determined that the requirements for achieving Maryland Indian status have been met. The bill also would have established a 60-day deadline for the Secretary of DHCD to transmit a recommendation for recognition of a Native

American to the Governor and would have required the Governor to accept or reject the commission's recommendation within 120 days of receiving it.

Workers' Compensation

In 2002 the General Assembly considered 25 bills dealing with various aspects of workers' compensation law.

Regulation of Injured Workers' Insurance Fund (IWIF)

Senate Bill 371 (Ch. 22) subjects the Injured Workers' Insurance Fund (IWIF) to additional regulation by the Maryland Insurance Administration and provides for a phase-in of risk-based capital (RBC) standards. RBC standards were developed by the National Association of Insurance Commissioners as a measure of the amount of surplus an insurer should retain in relation to its size and the risk it assumes. Chapter 22 requires IWIF to meet the required RBC action levels over a five-year phase-in period ending in 2005. The Insurance Commissioner is required to ensure that IWIF has capital in excess of the amount that would trigger a "company action level event" before IWIF may become a member of the Property and Casualty Insurance Guaranty Corporation. This bill is responsive to Chapter 657 of 2000, which originally required the Insurance Commissioner to examine the financial condition of IWIF for purposes of determining whether IWIF could be a member of the corporation.

Modification of Awards

House Bill 1318 (passed) clarifies that, except in specified cases involving fraud, the Workers' Compensation Commission may not modify an award unless the modification is applied for within five years after the latter of:

- the date of the accident;
- the date of disablement; or
- the last compensation payment.

The first two time constraints are added to a provision in current law that requires the modification to be applied for within five years of the date of the last compensation payment. The intent of the bill is to address the situation when no wage compensation is paid. Medical benefits awarded from a claim are lifetime benefits.

Workers' Compensation Commission Budget Process

Senate Bill 772 (passed) creates a 12-member advisory committee appointed by the Governor to review the annual proposed budget of the Workers' Compensation Commission. Committee members will represent business, labor, insurance, vocational rehabilitation, medical, and legal interests. The committee is required to report annually to the Governor, who must give due consideration to the recommendations. *Senate Bill 772* also creates a special fund to pay specified costs and expenses of the commission prior to an assessment on employers to reimburse the special fund. The State Treasurer is custodian of the continuing, nonlapsing fund and must deposit payments received from the commission into the fund. The bill specifies that, unless otherwise provided by law, no part of the fund may revert or be credited to the general fund or another special fund. The commission will continue to pay all fines and penalties collected into the general fund.

Principal Contractor Liability

House Bill 491 (passed) provides that a principal contractor is not liable to pay workers' compensation to an individual who is a sole proprietor subcontractor if the individual does not notify the principal contractor of the individual's status as a covered employee and does not elect to be a covered employee.

Further, *House Bill 491* states that an individual is presumed to be a sole proprietor who is not a covered employee if:

- a substantial part of the individual's income is from work for which a principal contractor has engaged the individual and from which the individual has attempted to earn taxable income; and
- the individual notifies the principal contractor that the individual has not elected to become a covered employee or the individual has filed the appropriate IRS Form 1040, Schedule C or F, for the previous taxable year.

Both notifications must be made on a form approved by the Workers' Compensation Commission.

Construction Carve Out

The repeal of the termination date for the "construction carve out" was approved in *Senate Bill 522 (passed)*. The "construction carve out" authorizes an employer and a recognized bargaining representative of employees under the purview of the Building and Construction Trade Council to adopt an alternative dispute resolution system for workers' compensation claims as part of a collective bargaining agreement. The

legislation which originally established the carve out provisions (Chapter 591 of 1997) had a termination date of September 30, 2002.

Partly Dependent Individuals

Senate Bill 743/House Bill 887 (both passed) modifies the calculation for payment of weekly death benefits to partly dependent individuals and increases the maximum amount of death benefits that may be received by partly dependent individuals from \$45,000 to \$60,000.

Occupational Disease

Two bills relating to occupational diseases were considered in 2002. *Senate Bill 584/House Bill 890 (both failed)* would have added an infectious disease that may have arisen from one or more exposures of indeterminate dates to the existing definition of occupational disease for purposes of filing workers' compensation claims. Under current law, occupational disease is defined as a disease that has been contracted by a covered employee as the result of, and in the course of, employment and causes the employee to become temporarily or permanently, partially or totally, incapacitated.

Senate Bill 583/House Bill 889 (both failed) would have provided that a paid or volunteer firefighter, sworn fire marshal, paid or volunteer fire fighting instructor, volunteer squad member, or volunteer advanced life support unit member would have been presumed to have a compensable injury if the individual:

- had leukemia or a specified type of cancer caused by contact with a toxic substance in the line of duty;
- were permanently partially or permanently totally disabled or died because of a disability caused by the cancer or leukemia; and
- in certain cases, had met a suitable standard of physical examination.

The existing requirement that an individual complete at least five years of service in the department where the individual is currently employed would have been repealed by these bills.

Unemployment Insurance

There was little legislative activity dealing with unemployment insurance (UI) in 2002. Of seven UI bills introduced, *House Bill 714 (passed)* was the lone bill passed by the General Assembly. *House Bill 714* increases the maximum unemployment weekly benefit amount from \$280 to \$310. A \$310 weekly benefit is equivalent to 45.5 percent

of the State average weekly wage. Additionally, the maximum amount an individual may earn before affecting the individual's unemployment benefits is raised from \$70 to \$90. Beyond this maximum disregard amount, the weekly benefit amount decreases dollar-for-dollar for partial earnings until the full benefit amount is reached.

Under **House Bill 714**, if the Department of Labor, Licensing, and Regulation (DLLR) determines on September 30, 2002, that the ratio between the UI trust fund and the total taxable wages for the four completed calendar quarters immediately preceding that date is less than 4.7 percent (which would trigger a surtax on employers' UI payments), DLLR must notify the General Assembly within 15 days, and the provisions of this bill become null and void without further action.

Because the State Unemployment Insurance Trust Fund received a deposit of \$142.9 million on March 18, 2002, as part of the federal Job Creation and Worker Assistance Act of 2002, the ratio is not expected to drop low enough to trigger the UI surtax for calendar 2003. There is no surtax for calendar 2002 since the balance of the fund on September 30, 2001, was \$30 million above the level that would have triggered a surtax.

House Bill 541 (failed) would have allowed a victim of domestic violence who voluntarily left employment because of domestic violence to receive unemployment benefits provided that specified information was submitted and the individual did not return to the abusive situation. Under current law, an individual in this situation may be eligible for unemployment benefits after a five-week disqualification period.

Senate Bill 257/House Bill 336 (failed) would have allowed the Secretary of Labor, Licensing, and Regulation to find that voluntarily leaving a job for new and better employment may constitute good cause for leaving the job, and thus would not disqualify an individual from receiving unemployment insurance benefits in the event the individual was laid off from the new and better employment through no fault of the individual. Under current law, an individual in this situation may be eligible for unemployment benefits after serving a disqualification period of between five and ten weeks.

House Bill 593 (failed) would have allowed an individual with a newborn or a newly adopted child to receive up to 12 weeks of unemployment benefits and an allowance for dependents for up to 12 weeks.

Labor and Employment

Employee Leave

Senate Bill 390/House Bill 540 (both passed) eliminate the termination provision, as enacted under Chapter 503 of 1999, for the requirement that an employer who provides paid leave to an employee following the birth of the employee's child must provide the same paid leave to an employee when a child is placed with the employee for adoption.

Senate Bill 537 (passed) prohibits an employer from requiring a nurse to work more than the nurse's regularly scheduled hours according to a predetermined work schedule. For a more detailed discussion of this legislation, see Part J - Health of this *90 Day Report*.

House Bill 329 (passed) prohibits an employer from taking or refusing to take certain personnel actions regarding licensed or certified health care employees who disclose unlawful behavior or refuse to participate in unlawful behavior. For a more detailed discussion of this legislation, see Part J - Health of this *90 Day Report*.

Alcoholic Beverages

Statewide Bills

Direct Wine Seller's Permit

Senate Bill 494/House Bill 811 (both passed) create a direct wine seller's permit that authorizes out-of-state permit holders to sell wine to Maryland consumers through the wholesale and retail tiers of the alcoholic beverages distribution system. The bills authorize each permit holder to sell up to 108 liters of wine annually to a single consumer and up to 900 liters of wine annually to all Maryland consumers. The permit holder must file an annual tax return, may not sell wine that is distributed by any licensed wholesaler or distributed in Maryland two years prior to the application for the wine seller's permit is filed, and must ship the wine freight prepaid to a Maryland wholesaler. The wholesaler must then deliver the wine to a retail dealer. Wholesalers may charge consumers a fee of \$2 per bottle or \$4 per shipment, and retailers may charge consumers a fee of \$5 per bottle or \$10 per shipment. The bills do not authorize Internet shipping directly to consumers; however, this does not preclude permit holders from receiving orders on the Internet and shipping wine through wholesalers and retailers to consumers in Maryland.

Protest Against License Renewal – Commercial Tenants

House Bill 716 (passed) authorizes commercial tenants who are not holders of an alcoholic beverages license or applicants for any alcoholic beverages license to sign a petition of protest to a local board of license commissioners against the renewal of an alcoholic beverages license. If a protest that meets certain criteria is filed with the county board of license commissioners, the renewal of a license may not be approved by the board without a hearing.

Wholesalers Licenses

House Bill 348/Senate Bill 426 (both passed) repeal the prohibition against a wholesaler licensee operating two locations in any one county or in Baltimore City.

Local Bills

Allegany County

Sunday Sales Permits: House Bill 552 authorizes the Allegany County Board of License Commissioners to issue a two-day Sunday sales permit to Class B, Class C, and Class D licensees. The permit holder is authorized to sell beer, wine, and liquor on any two Sundays in a year. The permit costs \$50 each time it is used.

Nudity and Sexual Displays: House Bill 1455 (Ch. 96) is an emergency measure that prohibits nudity and sexual displays in establishments with an alcoholic beverages license. An alcoholic beverages licensee that violates this provision may have its alcoholic beverages license revoked by the Allegany County Board of License Commissioners.

Anne Arundel County

Multiple Licenses: Senate Bill 258/House Bill 146 (both passed) authorize the Anne Arundel County Board of License Commissioners to issue a Class H alcoholic beverages license to persons holding, as of June 1, 2002, a Class B license that prohibits off-premises sales. *Senate Bill 258/House Bill 146* also allow a franchiser to have a direct ownership interest in up to two licenses.

Baltimore City

Class D Beer, Wine, and Liquor Sunday Sales: Senate Bill 358 (passed) is an emergency measure that authorizes the Baltimore City Board of Liquor License Commissioners to issue to a Class D beer, wine, and liquor licensee a supplemental Sunday sales license that authorizes the sale of alcoholic beverages on up to two Sundays

per calendar year. The license fee is \$75 per issuance and must be paid at least two weeks in advance.

Underage Persons on Licensed Premises: Senate Bill 361 (failed) would have prohibited a holder of any alcoholic beverages license from allowing anyone under the age of 21 years to be on the premises after midnight unless the person: (1) is an employee of the license holder; (2) is seated away from a bar in a Class B licensed restaurant or hotel that sells alcoholic beverages; or (3) or is attending a contest between professional sports teams.

Baltimore County

Special Wine Festival and Special Beer Festival: Senate Bill 154 (passed) creates a separate wine festival license and a separate beer festival license in place of the combined special beer and wine festival license. The special festival licensees must ensure that the primary focus of the special wine festival is the promotion of Maryland wine and beer. Each license fee is \$15. The bill is intended to afford greater flexibility in planning individual beer festivals and wine festivals.

Calvert County

Notice of License Application: House Bill 263 (Ch. 51) requires the Board of License Commissioners to post a sign or notice of an application for an alcoholic beverages license for at least ten days in a conspicuous place upon the premises described in the application. The notice must specify the class of license applied for and the time and place of the hearing for the application.

Caroline County

Golf Course Licenses: House Bill 494 (Ch. 68) establishes a Class GC 7-day (golf course) beer, wine, and liquor license. The Class GC 7-day license may be issued to a golf course or an organization that is open to the public, operated for profit, owns real estate in Caroline County, and has a golf course with a minimum of 18 holes. The annual license fee is \$1,600. The licensee is authorized to sell beer, wine, and liquor during specified times for consumption on the land and in the buildings, including the clubhouse, used for golfing purposes.

Sales To Underage Drinkers and Intoxicated Persons: House Bill 1087 (passed) authorizes the Caroline County Board of License Commissioners to pursue administrative proceedings against a licensee or employee of a licensee who is found not guilty of violating prohibitions on the sale of alcoholic beverages to a person under 21 years of age or a person who is visibly under the influence of alcoholic beverages.

Dorchester County

Class B Licenses: *Senate Bill 698/House Bill 1397 (both passed)* reduce from 100 to 75 seats the minimum seating requirement for restaurants, motels, and hotels with a Class B beer, wine, and liquor license.

Frederick County

Class B Licenses in Middletown: *House Bill 433 (Ch. 65)* authorizes the Board of License Commissioners to issue within the municipal boundaries of Middletown: (1) Class A, B, or C beer licenses; or (2) a Class B (on-sale) beer, wine, and liquor license if the licensed premises derives 70 percent of its monthly gross revenue from the sale of food.

Inspector's Salary: *Senate Bill 846/House Bill 435 (both passed)* increase the salary of alcoholic beverages inspector from \$32,000 to \$35,000.

Harford County

Stadium License – Sale of Liquor: *Senate Bill 855/House Bill 874 (both passed)* authorize the holder of a stadium license to sell beer, wine, and liquor at baseball games. The bills limit the consumption of liquor to the club level or dining level in which patrons are seated. The bills also increase the stadium license fee from \$5,000 to \$10,000, require that all beer and wine served during a baseball game be served from a stationary structure equipped with a Motor Vehicle Administration driver's license scanner, prohibit roving vendors from selling alcoholic beverages, require vendors serving alcoholic beverages to hold an Alcohol Awareness Training Certificate, and permit consumption of alcoholic beverages on the stadium parking lot only with the prior written approval of the Harford County Liquor Control Board.

Howard County

Background Checks: *House Bill 744 (passed)* is an emergency measure that requires the Board of License Commissioners to conduct background checks on applicants for a new alcoholic beverages license. The background check includes a criminal records history check and fingerprinting.

Kent County

Alcoholic Beverage Violations and Penalties: *House Bill 506 (passed)* sets monetary limits and restricts the number of days a place of business may be closed for a violation of the alcoholic beverages law.

Special Theater License: *House Bill 508 (Ch. 70)* authorizes the Board of License Commissioners to issue a special theater (on-sale) beer, wine, and liquor license to a theater that is housed within a building, has a minimum seating capacity of 150

installed seats, and regularly presents live entertainment. The annual license fee is \$500. A licensee may sell beer, wine, and liquor at retail for on-premises consumption for two hours before the entertainment begins, during the entertainment, and for one hour after the entertainment ends.

Montgomery County

Continuing Care Retirement Community License: House Bill 708 (passed) authorizes the Board of License Commissioners to issue a continuing care retirement community (on-sale) beer, wine, and liquor license to a club that is composed of residents of a continuing care retirement community that has obtained a certificate of registration from the Department of Aging, has at least 50 bona fide members, and has annual dues that average at least \$5 per member. The annual license fee is \$500. A licensee may sell at retail to any member or guest, beer, wine, or liquor purchased from the Department of Liquor Control for on-premises consumption only.

Special Class B-BWL (Performing Arts Facility) License: House Bill 724 (passed) authorizes the Board of License Commissioners to issue a special Class B-BWL (performing arts facility) license to a performing arts center that has: (1) a minimum capital investment of at least \$1 million exclusive of real property; (2) a minimum capacity of 2,000 persons; (3) a food service facility permit; and (4) 40 seats in a food service area. The annual license fee is \$1,000. The licensee may sell beer, wine, and liquor by the drink from one or more outlets on the licensed premises for consumption on the premises. The licensee is prohibited from selling alcoholic beverages at a high school graduation or a community meeting held without food service.

Community Swimming Pools: House Bill 725 (passed) authorizes the Board of License Commissioners to issue a one-day special Class C beer license, beer and wine license, or beer, wine, and liquor license to a community swimming pool club. The fee for a Class C beer license or a Class C beer and wine license is \$15 per day, and the fee for a Class C beer, wine, and liquor license is \$30 per day.

Prince George's County

Restaurants Under Franchise or Licensing Agreements: House Bill 739 (passed) authorizes the Board of License Commissioners to issue or transfer a Class B beer (on-sale) license or a Class B beer and wine (on-sale) license to a person operating a restaurant under a franchise agreement or a business licensing agreement regardless of whether another person operating a restaurant under a similar agreement with the same franchisor or licensor already holds a license.

St. Mary's County

Wine Festival License: *House Bill 145 (Ch. 36)* authorizes the Alcoholic Beverage Board to issue a special wine festival license to a holder of retail alcoholic beverages license authorizing the sale of wine, a State Class 3 winery license, or a State Class 4 winery license. The wine festival licensee may only display and sell wine that is: (1) manufactured and processed in any state; (2) price filed in accordance with the Comptroller's regulations; (3) distributed in Maryland at the time the application is filed; and (4) intended for consumption on or off the premises on the days and hours designated for the festival. The fee for the license is \$15.

Alcohol Beverage Board Chairman: *House Bill 741 (passed)* authorizes the Alcohol Beverage Board to elect a chairman from among the members of the board.

Somerset County

Sale and Distribution of Light Wine: *House Bill 213 (passed)* is an emergency measure that prohibits the Liquor Control Board from controlling the sale and distribution of light wine to retail alcoholic beverage licensees.

Worcester County

Alcoholic Beverages: *House Bill 1104 (passed)* is an emergency measure that authorizes the Board of License Commissioners to renew a Class A beer license, beer, and wine license, or a wine license issued prior to January 1, 2002. Generally, a Class A, B, or D license, except by way of renewal, may not be granted, transferred, or issued to, or for use in conjunction with, or upon the premises of any chain store, supermarket, or discount house. The Board of License Commissioners has issued nine Class A beer and wine licenses to chain stores based on a divergence between general merchandise operations and alcoholic beverages operations.