



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Laura Larsen, Budget Director
<b>DATE</b>	2/13/2025
<b>SUBJECT</b>	25-0001 Department of Consumer Protection and Business Licensing

The Honorable President and  
Members of the City Council  
City Hall, Room 400

**Position: Does not Oppose**

The Department of Finance is herein reporting on City Council Bill 25-0001, Department of Consumer Protection and Business Licensing, the purpose of which is to establish the Department of Consumer Protection and Business Licensing and the Board of Consumer Protection and Business Licensing. The Department will be responsible for the administration of certain business licenses; investigation of claims of unfair, abusive, or deceptive business practices; and enforcement of business licensing and consumer protection provisions. The Board will be responsible for adjudicating all Department hearings and will be authorized to hold information hearings; conduct surveys and studies; and review and make recommendations to improve licensing and consumer protection policies.

**Background**

The proposed legislation is the second iteration of this bill, which was originally introduced as City Council Bill 23-0347, Department of Business Licensing and Consumer Protection. The original version of this legislation sought to consolidate administration of specified business licenses; establish consumer protection services; and expand the City's ability to use affirmative litigation.

After City Council Bill 23-0347 failed to advance, it was partially enacted with City Council Bill 23-0424, Unfair Abusive, or Deceptive Trade Practices – Penalties. This legislation authorized the City Solicitor, at their discretion, to take action against businesses that violate consumer protections through unfair, abusive, or deceptive trade practices. This authority also expands the City's ability to use affirmative litigation, on behalf of residents, to prohibit bad conduct and seek fines when businesses violate the City's consumer protections. There were no operating cost impacts from implementing this legislation.

Under this proposal the Department of Business Licensing and Consumer Protection would be responsible for two functions:

- **Business Licensing:** This team will consolidate administration of specified business licenses within a newly created City department. The proposed legislation includes a list of specific licenses whose oversight would be moved to this new Department. Currently oversight for these licenses is decentralized across multiple City departments.

- Consumer Protection Services: This team will be focused on investigating and resolving consumer complaints including instances of unfair, abusive, or deceptive trade practices.

The proposed legislation also calls for creating the Board of Consumer Protection and Business Licensing. This five-member Board would have appointees from the Mayor, City Council President, and Comptroller. With support from staff in the Department, the Board will be responsible for the following:

1. Adjudicating all hearings;
2. Proposing recommendations to improve related rules and regulations;
3. Implementing new programs and trainings for businesses and consumers;
4. Evaluating the impacts of current programs and proposed legislation on consumers and businesses; and,
5. Conducting informational hearings to review and propose improvements to existing related rules and regulations; and compile an annual report detailing the Board’s activities for the year.

**Fiscal Impact**

The estimated recurring cost for the new Department is \$1,525,000 with an additional \$150,000 of one-time up-front cost to stand up the team. These costs are summarized below.

<b>Expenditure Type</b>	<b>Amount</b>
Personnel • Assumes 10 positions across 3 teams: Business Licensing, Consumer Complaints, and Administration	1,400,000
Recurring Non-Personnel • Assumes supply, computer, & software costs for team of 10 positions. Estimate also includes recurring space rental costs.	125,000
<b>Total Recurring Costs</b>	<b>\$1,525,000</b>
One-Time Up Front Costs • Assumes cost to implement new software tools. Also includes any initial costs needed for establishing office.	150,000
<b>TOTAL</b>	<b>\$1,675,000</b>

Costs for the new Department will be absorbed by transferring 10 positions from agencies that currently oversee one or more of licenses to the newly created Department. The net impact of implementing the legislation is approximately \$625,000. The net cost is largely driven by the leadership and administrative positions needed for the new agency. This estimate assumes initial one-time costs are absorbed within the existing budget.

<b>Cost</b>	<b>Amount</b>
Office of Consumer Protection & Business Licensing-Recurring Costs	1,525,000
Transfers from Other Agencies	-900,000
<b>Net Budget Impact</b>	<b>\$625,000</b>

**Other Considerations**

As we implement this centralized model, there is a natural opportunity to examine the existing fee structures for licenses that will be managed by this Department. Many of the fees managed by this team have not been updated since 2008. The Bureau of the Budget and Management Research is currently undergoing a comprehensive fee study, recommendations from the study are anticipated in summer 2025.

While there is an opportunity to generate increased revenue from this Department, Finance does not

anticipate that there will be a significant amount of new revenue from individual consumer complaints because most are likely to be resolved without issuing fines. In Fiscal 2023, Montgomery County's OCP collected \$21,500 in revenue related to fines and forfeitures. For the subsequent fiscal years, this revenue is projected to be \$3,000.

Finally, these are initial cost estimates based on existing staffing levels. It is likely that new Department leadership will likely bring recommendations to expand the size of the team based. As those requests are brought forward it will be important to examine staffing models and continue to identify new efficiencies as a means to minimize impacts to the overall budget.

### **Conclusion**

The Department of Finance supports the intent of this legislation to consolidate administration and enforcement of certain business licenses within a central agency and expand the City's abilities to protect residents from harm and investigate claims of unfair, abusive, or deceptive business practices. If adopted, costs savings from other agencies and additional revenue need to be identified to cover the cost on a recurring basis.

**For the reasons stated above, the Department of Finance does not oppose City Council Bill 25-0001.**

cc: Michael Mocksten  
Nina Themelis