Chapter 613

(House Bill 347)

AN ACT concerning

Professional Engineers – Firm Permits

FOR the purpose of requiring a corporation, partnership, or limited liability company on or after a certain date to hold a permit issued by the State Board for Professional Engineers before operating a business through which engineering is practiced, with a certain exception; establishing certain qualifications, application requirements, and fees for the firm permit to practice engineering; establishing the scope of the engineering firm permit; providing for the renewal and reinstatement of the engineering firm permit; requiring permit holders to provide certain notification of certain changes or occurrences within a certain period of time; authorizing the State Board for Professional Engineers to deny a firm permit to an applicant, reprimand a permit holder, suspend or revoke a permit, or impose a certain penalty under certain circumstances and subject to certain hearing provisions; establishing certain prohibited acts; adding certain definitions; making stylistic and conforming changes; and generally relating to firm permits issued by the State Board for Professional Engineers.

BY renumbering
   Article – Business Occupations and Professions
   Section 14–402 and 14–403, respectively
   to be Section 14–4A–01 and 14–4A–02, respectively, to be under the new subtitle “Subtitle 4A. Miscellaneous Provisions”
   Annotated Code of Maryland
   (2010 Replacement Volume and 2012 Supplement)

BY repealing and reenacting, with amendments,
   Article – Business Occupations and Professions
   Section 14–101; and 14–401 to be under the amended subtitle “Subtitle 4. Permits”
   Annotated Code of Maryland
   (2010 Replacement Volume and 2012 Supplement)

BY adding to
   Article – Business Occupations and Professions
   Section 14–402 through 14–415, 14–411, 14–415, 14–501.1, and 14–502.1
   Annotated Code of Maryland
   (2010 Replacement Volume and 2012 Supplement)
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 14–402 and 14–403, respectively, of Article – Business Occupations and Professions of the Annotated Code of Maryland be renumbered to be Section(s) 14–4A–01 and 14–4A–02, respectively, to be under the new subtitle “Subtitle 4A. Miscellaneous Provisions”.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Business Occupations and Professions

14–101.

(a) In this title the following words have the meanings indicated.

(B) “AFFILIATE” MEANS A PERSON THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS, OR IS CONTROLLED BY, A PERMIT HOLDER.

[(b)] (C) “Board” means the State Board for Professional Engineers.

[(c)] (D) “Design coordination” means the review and coordination of services provided by individuals licensed or certified under Titles 3, 8, 9, 14, and 15 of this article.

[(d)] (E) “License” means, unless the context requires otherwise, a license issued by the Board to practice engineering.

[(e)] (F) “License fee” means, as applicable, the fee paid in connection with the issuance and renewal of a license and the issuance of a reciprocal license.

(G) “MANAGING AGENT” MEANS A PROFESSIONAL ENGINEER DESIGNATED AS THE MANAGING AGENT BY A PERMIT HOLDER UNDER § 14–403 OF THIS TITLE.

(H) “PERMIT” MEANS, UNLESS THE CONTEXT REQUIRES OTHERWISE, A PERMIT ISSUED BY THE BOARD TO ALLOW A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY TO OPERATE A BUSINESS THROUGH WHICH ONE OR MORE PROFESSIONAL ENGINEERS MAY PRACTICE ENGINEERING.

[(f)] (I) (1) “Practice engineering” means to provide any service or creative work the performance of which requires education, training, and experience in the application of:
(i) special knowledge of the mathematical, physical, and engineering sciences; and

(ii) the principles and methods of engineering analysis and design.

(2) In regard to a building or other structure, machine, equipment, process, works, system, project, or public or private utility, “practice engineering” includes:

(i) consultation;

(ii) design;

(iii) evaluation;

(iv) inspection of construction to ensure compliance with specifications and drawings;

(v) investigation;

(vi) planning; and

(vii) design coordination.

(3) “Practice engineering” does not include the exclusive and sole performance of nontechnical management activities.

[(g)] (J) “Professional engineer” means, unless the context requires otherwise, an engineer who is licensed by the Board to practice engineering.

[(h)] (K) (1) “Responsible charge” means direct control and personal supervision of engineering that requires initiative, professional skill, and independent judgment.

(2) “Responsible charge” includes responsible engineering teaching.
(ii) a limited liability company as a member, employee, or agent of the limited liability company; or

(iii) a partnership as a partner, employee, or agent of the partnership.

(2) Subject to the provisions of this [section] Subtitle, a corporation, limited liability company, or partnership may provide engineering services through a one or more professional engineers.

(b) A professional engineer who practices engineering through a corporation, limited liability company, or partnership under this [section] Subtitle shall be subject to all of the provisions of this title that relate to practicing engineering.

(c) (1) A corporation, limited liability company, or partnership that provides engineering services under this [section] Subtitle is not, by its compliance with this [section] Subtitle, relieved of any responsibility that the corporation, limited liability company, or partnership may have for an act or omission of its officer, member, partner, employee, or agent.

(2) An individual who practices engineering through a corporation, limited liability company, or partnership is not, by reason of the individual’s employment or other relationship with the corporation, limited liability company, or partnership, relieved of any individual professional responsibility that the individual may have regarding that practice.

14–402.

(A) Beginning on October 1, 2015, except as provided in subsection (B) of this section, a corporation, partnership, or limited liability company shall hold a permit issued by the Board before the corporation, partnership, or limited liability company may operate a business through which engineering is practiced.

(B) A corporation, partnership, or limited liability company may provide engineering services for itself or its affiliate without a permit issued by the Board.

14–403.

(A) To qualify for a permit, a corporation, partnership, or limited liability company shall meet the requirements of this section.
(B) (1) A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY SHALL DESIGNATE A MARYLAND PROFESSIONAL ENGINEER IN GOOD STANDING TO BE THE MANAGING AGENT FOR THE ENTITY.

(2) THE MANAGING AGENT SHALL BE:

(1) IN A POSITION TO ACT ON BEHALF OF, AND RESPONSIBLE FOR, OF THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY IN MATTERS RELATED TO THE PRACTICE OF OR THE OFFERING OF THE PRACTICE OF ENGINEERING; AND

(II) AN EMPLOYEE, AN OWNER, A DIRECTOR, AN OFFICER, A MEMBER, OR A PARTNER, AS APPLICABLE, OF THE ENTITY SEEKING A PERMIT.

(C) A LICENSEE MAY NOT BE DESIGNATED AS A MANAGING AGENT FOR MORE THAN ONE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY THAT PROVIDES OR OFFERS TO PROVIDE ENGINEERING SERVICES, EXCEPT IF THE OTHER ENTITY IS AN AFFILIATE OF A PERMIT HOLDER.

14–404.

(A) AN APPLICANT FOR A PERMIT SHALL:

(1) SUBMIT TO THE BOARD AN APPLICATION ON THE FORM THAT THE BOARD PROVIDES; AND

(2) PAY TO THE BOARD A NONREFUNDABLE APPLICATION FEE SET BY THE BOARD.

(B) IN ADDITION TO ANY OTHER INFORMATION REQUIRED ON AN APPLICATION FORM, THE FORM SHALL REQUIRE:

(1) THE NAME AND ADDRESS OF THE MANAGING AGENT; AND

(2) A NOTARIZED STATEMENT THAT THE MANAGING AGENT IS AN EMPLOYEE, AN OWNER, A DIRECTOR, AN OFFICER, A MEMBER, OR A PARTNER, AS APPLICABLE, OF THE ENTITY SEEKING A PERMIT.

14–405.

THE BOARD SHALL ISSUE A PERMIT TO EACH APPLICANT THAT MEETS THE REQUIREMENTS OF THIS SUBTITLE AND PAYS TO THE BOARD A PERMIT FEE SET BY THE BOARD.
14–406.

(A) Subject to subsection (B) of this section and while a permit is in effect, the permit authorizes the holder to:

(1) Operate a business through which one or more professional engineers or an individual authorized to practice engineering under § 14–303 of this title practices or offers practice or offer to practice engineering; and

(2) Represent to the public that the business provides or offers to provide the services of a professional engineer.

(B) A permit authorizes the holder to provide a service that constitutes the practice of engineering only if the service is performed by an individual who is licensed or otherwise authorized to practice engineering under this title.

14–407.

(A) Unless a permit is renewed for a 2–year term as provided in this section, the permit expires on the first June 30 that comes:

(1) After the effective date of the permit; and

(2) In an even–numbered year.

(B) At least 1 month before a permit expires, the Board shall mail to the permit holder, at the last known address of the holder:

(1) A renewal application form; and

(2) A notice that states:

   (I) The date on which the current permit expires;

   (II) The date by which the Board must receive the renewal application for the renewal to be issued and mailed before the permit expires; and

   (III) The amount of the permit fee.
(C) **Before a permit expires, the permit holder may renew the permit periodically for an additional 2-year term if the holder:**

1. Otherwise is entitled to a permit;
2. Pays to the Board a permit fee set by the Board; and
3. Submits to the Board a renewal application on the form that the Board provides.

(D) The renewal application form shall require the same information required on the original application form under § 14–404(b) of this subtitle.

(E) The Board shall renew the permit of each permit holder that meets the requirements of this section.

(F) The Secretary may determine that permits issued under this subtitle shall expire on a staggered basis.

14–408.

Within 60 days after the effective date of the change or occurrence, a permit holder shall notify the Board in writing if there has been a change in:

1. The identity of the managing agent; or
2. The name of the corporation, partnership, or limited liability company.

14–409.

(A) Subject to the hearing provisions of § 14–410 of this subtitle, the Board, on the affirmative vote of a majority of its members then serving, may deny a permit to any applicant, reprimand a permit holder, or suspend or revoke a permit impose a penalty not exceeding $5,000 for each violation deny a permit to any applicant, reprimand a permit holder, or suspend or revoke a permit if:

1. The applicant or permit holder fraudulently or deceptively obtains or attempts to obtain a permit; or
(2) THE PERMIT HOLDER FRAUDULENTLY OR DECEPTIVELY USES A PERMIT;

(3) THE APPLICANT OR PERMIT HOLDER FAILS TO MEET OR CONTINUE TO MEET THE QUALIFICATIONS OR REQUIREMENTS SET FORTH IN THIS SUBTITLE.

(B) (1) INSTEAD OF OR IN ADDITION TO REPRIMANDING THE PERMIT HOLDER OR SUSPENDING OR REVOKING A PERMIT UNDER SUBSECTION (A) OF THIS SECTION, THE BOARD MAY IMPOSE A PENALTY NOT EXCEEDING $5,000 FOR EACH VIOLATION.

(1) IN ADDITION TO A SANCTION IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, THE BOARD MAY IMPOSE A PENALTY NOT EXCEEDING $5,000 FOR EACH:

(i) VIOLATION FOR WHICH A DENIAL, REPRIMAND, SUSPENSION, OR REVOCATION WAS IMPOSED UNDER SUBSECTION (A) OF THIS SECTION; AND

(ii) FAILURE TO MEET OR CONTINUE TO MEET THE QUALIFICATIONS OR REQUIREMENTS SET FORTH IN THIS SUBTITLE.

(2) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER THIS SUBSECTION, THE BOARD SHALL CONSIDER:

(i) THE SERIOUSNESS OF THE VIOLATION;

(ii) THE HARM CAUSED BY THE VIOLATION;

(iii) THE GOOD FAITH OF THE PERMIT HOLDER; AND

(iv) ANY HISTORY OF PREVIOUS VIOLATIONS BY THE PERMIT HOLDER.

(C) THE BOARD SHALL PAY ANY PENALTY COLLECTED UNDER SUBSECTION (B) OF THIS SECTION INTO THE GENERAL FUND OF THE STATE.

14–410.
(A) Except as otherwise provided in § 10–226 of the State Government Article, before the Board takes any final action under § 14–409 of this subtitle, it shall give the person against whom the action is contemplated an opportunity for a hearing before the Board.

(B) The Board shall give notice and hold the hearing in accordance with Title 10, Subtitle 2 of the State Government Article.

(C) At least 30 days before the hearing, the hearing notice and a copy of the complaint shall be:

1. served personally on the applicant or on the managing agent of the entity holding the permit; or

2. mailed to the last known business address of the applicant or the entity holding the permit.

(D) If, after due notice, the person against whom the action is contemplated fails or refuses to appear, the Board may hear and determine the matter.

14–411.

(A) 1. For the limited purpose set forth in paragraph (2) of this subsection, a permit shall remain in effect and does not expire by operation of law while the permit holder is under investigation by the Board or awaiting a hearing or disposition on charges subject to disciplinary action under this subtitle.

2. An extension of a permit term under this subsection is effective only for the purpose of retaining the jurisdiction of the Board over the permit holder during the course of disciplinary proceedings and does not prevent the permit from expiring for any other purpose.

(B) Unless the Board agrees to accept the surrender, a permit holder may not surrender a permit while the holder is under investigation or awaiting a hearing or disposition on charges subject to disciplinary action under this subtitle.

14–412.
A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY WHOSE PERMIT HAS BEEN SUSPENDED OR REVOKED UNDER § 14–409 OF THIS SUBTITLE MAY NOT OFFER OR PROVIDE ENGINEERING SERVICES UNTIL THE SUSPENSION IS LIFTED OR THE PERMIT IS REINSTATED.

14–413.

(A) Subject to the provisions of this section, the Board may reinstate:

(1) A permit that has been revoked; or

(2) Before fulfillment of the conditions of the suspension, a permit that has been suspended.

(B) A permit may be reinstated under this section only if:

(1) The corporation, partnership, or limited liability company whose permit has been revoked or suspended submits a written request to the Board; and

(2) The corporation, partnership, or limited liability company pays to the Board a reinstatement fee set by the Board.

(C) The Board, by an affirmative vote of a majority of its members then serving, shall vote on the request for reinstatement or lifting of the suspension within 60 days after receipt of the request.

14–414.

The Board may reinstate the permit of a corporation, partnership, or limited liability company that has failed to renew the permit for any reason if the corporation, partnership, or limited liability company:

(1) Otherwise is entitled to a permit; and

(2) Pays to the Board a reinstatement fee set by the Board.

14–415.
AFTER THE BOARD REINSTATES A PERMIT, THE PERMIT HOLDER SHALL CONTINUE TO COMPLY WITH ALL APPLICABLE REQUIREMENTS SET FORTH IN THIS SUBTITLE.

14–412.

A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY WHOSE PERMIT HAS BEEN SUSPENDED OR REVOKED UNDER § 14–409 OF THIS SUBTITLE MAY NOT OFFER OR PROVIDE ENGINEERING SERVICES UNTIL THE SUSPENSION IS LIFTED OR THE PERMIT IS REINSTATED.

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(B) A permit may be reinstated under this section only if:

(1) the corporation, partnership, or limited liability company whose permit has been revoked or suspended submits a written request to the Board; and

(2) the corporation, partnership, or limited liability company pays to the Board a reinstatement fee set by the Board.

(C) The Board, by an affirmative vote of a majority of its members then serving, shall vote on the request for reinstatement or lifting of the suspension within 60 days after receipt of the request.

14–414.

The Board may reinstate the permit of a corporation, partnership, or limited liability company that has failed to renew the permit for any reason if the corporation, partnership, or limited liability company:

(1) otherwise is entitled to a permit; and
(2) pays to the Board a reinstatement fee set by the Board.

14–415.

After the Board reinstates a permit, the permit holder shall continue to comply with all applicable requirements set forth in this subtitle.

14–501.1.

Except for a professional engineer who operates a business as a sole practitioner, a person may not operate a business through which engineering services are performed or offered to be performed unless:

(1) the business is a corporation, partnership, or limited liability company; and

(2) the corporation, partnership, or limited liability company holds a permit issued by the Board.

14–502.1.

(A) Subject to subsection (B) of this section and unless a person holds a permit issued by the Board, the person may not represent to the public, by the use of a title, including “licensed professional engineers”, “professional engineers”, or “registered engineers”, by the use of the term “professional engineering” or “engineering”, by description of services, methods, or procedures, or otherwise, that the person holds a permit or otherwise is authorized to operate a business through which engineering is practiced in the State.

(B) Subsection (A) of this section does not apply to a professional engineer who operates the business as a sole practitioner.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2013.

Approved by the Governor, May 16, 2013.