STATE OF MARYLAND

DLLR

DEPARTMENT OF LABOR, LICENSING AND REGULATION

OFFICE OF THE SECRETARY
500 North Calvert Street
4th Floor
Baltimore, Maryland 21202

October 1, 2018

The Honorable Thomas V. Mike Miller, Jr.
President
Maryland Senate
State House, H-107
100 State Circle
Annapolis, MD 21401

The Honorable Michael E. Busch
Speaker
Maryland House of Delegates
State House, H-101
100 State Circle
Annapolis, MD 21401

RE: Report Required by Chapter 796 of the Acts of 2018 (HB 1597) Occupational Licenses or Certificates – Application Determinations – Use of Criminal History – Reports MSAR # 11793

Dear President Miller and Speaker Busch,

Chapter 796 of the Acts of 2018 (HB 1597) requires the Department of Labor, Licensing and Regulation to submit a report detailing the following information:

- The total number of applications for an occupational license or certificate received in the preceding five years;
- The total number of those applicants that had criminal records and the amount of time that had passed since the applicant's criminal conviction; and
- The number of applicants that had been denied based on the applicant's criminal record, and under which provision of law had the applicant's denial been based.

The Department of Labor presents the following responsive information. Please note, licensing divisions within the department have collected limited data on the criminal history information requested in the legislation. However, the Department can report that of the more than 720,000 license applications received in the previous 5 years, no record or indication can be found of anyone who was denied a license based solely on a criminal record.

I hope you find the information contained in this report useful. Should you have any questions, please do not hesitate to reach out to Michael Harrison, the Department's Policy Director, at michael.harrison@maryland.gov or 410-230-6008.

Sincerely,

Kelly M. Schulz
Secretary

KMS/mh/mi

Cc: Sarah T. Albert, Department of Legislative Services
Victoria L. Wilkins, Commissioner of Occupational and Professional Licensing
John T. Papavasiliou, Deputy Commissioner of Occupational and Professional Licensing
Governor's Legislative Office

EXECUTIVE SUMMARY

Total number of applications for an occupational license or certificate

In the preceding five years, the Department of Labor has received 721,148 applications for professional licenses.
- The Division of Occupational and Professional Licensing received 613,034 applications for licenses in the preceding five years.
- The Office of the Commissioner of Financial Regulation received 70,861 applications for licenses in the preceding five years.
- The Maryland Racing Commission received 37,253 applications for licenses in the preceding five years.

Total number of applicants with a criminal record

The Division of Occupational and Professional Licensing had a total of 803 applicants of the 613,034 total applicants indicate they had a criminal record, however, the division is not able to determine how much time has passed since the criminal convictions or how many licenses, if any, were denied based on criminal history.

The Maryland Racing Commission reports that of the 37,253 applications for licenses received, a total of 567 applicants were fingerprinted. Of those individuals fingerprinted, no one was denied a license because of a criminal background.

The Office of the Commissioner of Financial Regulation had a total of 606 applicants of the 70,861 total applicants indicate some type of criminal record associated with an application. Of those 606 applications, 438 applicants had a federal record, and 168 applicants had a Maryland state record.

Total number of application denials based on criminal records

Of the 721,148 licence applications received in the preceding five years, the Department cannot find any case of a licence being denied because of a criminal record. In one case related to financial regulation, a license was denied related to a criminal record, but in this case the applicant attempted to falsify the application to hide a criminal history.

LICENSING AND CRIMINAL HISTORY INFORMATION FROM EACH DIVISION

Division of Occupational and Professional Licensing

The Division of Occupational and Professional Licensing (O&P) neither collects, nor is it able to query much of the data requested in HB 1597.

Applications
While most of the division's licenses are applied for online, some units still use paper applications. The data the division is able to gather captures most, but not all license applications.

Applications do contain checkboxes where applicants indicate whether or not they have criminal records; therefore, we are able to query how many applications were received during the preceding five years, as well as how many applicants indicated they had criminal records.

From fiscal year 2014 to fiscal year 2018, the division received 613,034 applications for licenses. During that time, a total of 803 applicants indicated they had criminal records.

Denials
For fiscal years 2014-2018, O&P is not able to determine how much time had passed since the criminal convictions or how many licenses, if any, were denied based on criminal history.

Information Collected in Fiscal Year 2019
In an effort to provide the Maryland General Assembly with some data, O&P manually tracked certain applications received from July 1, 2018 through August 31, 2018. During that period, the division received 19,868 license applications. Of them, 124 individuals indicated they had criminal records. Of those, 81 license applications have been approved, and 43 are still pending resolution. The most common reason that they are pending is that the applicant has been asked to send in additional information. Zero applications have been denied.

With respect to the time that has passed since the criminal convictions, it ranges from a few months to 40 years.

It is important to note the rarity of denial of applications based on criminal history by the division.

See below charts for additional information.

O&P Applicants with Criminal History 7/1/18 - 8/31/18

Total Applications Received	Applicants with Criminal Records	Time Passed Since Most Recent Conviction					Pending additional info
		<1 year	1-5 years	6-10 years	11-20 years	>20 years	
19,868	124	3	32	21	22	5	41

O&P Applicants with Criminal History 7/1/18 - 8/31/18

Disposition of Those with Criminal Records		
Approved Licenses	Denied Licenses	Pending Issuance
81	0	43

O&P Total Applications Received and Number with Criminal Records FY 2014 - FY 2018

Fiscal Year	Total Applications Received	Applicants with Criminal Records
2014	116,887	152
2015	117,702	165
2016	120,041	165
2017	123,147	124
2018	135,257	197
Total	**613,034**	**803**

Maryland Racing Commission

The Maryland Racing Commission does not maintain information on the total number of criminal records found as a result of fingerprinting.

Applications
Although prior criminal history may be identified as part of the licensing process, of the licenses issued by the Racing Commission all are not always subject to fingerprinting.

The Racing Commission reciprocates and recognizes other racing jurisdictions as to the eligibility of an individual applying for a license in Maryland who holds or has held a license in another state.

Categories of licenses issued are as follows:

- Owners;
- Trainers;
- Jockeys;
- Apprentice Jockeys;
- Drivers;

- Veterinarians
- Stable Employees;
- Exercise Riders;
- Farriers:
- Track Employee;

- Vendor;
- Mutuel Employee; and
- Jockey Agent.

For calendar year 2013 to 2017, the Racing Commission received 37,253 applications for licenses. During that time, a total of 567 applicants were fingerprinted. Of those individuals fingerprinted, no one was denied a license because of a criminal background.

Office of the Commissioner of Financial Regulation

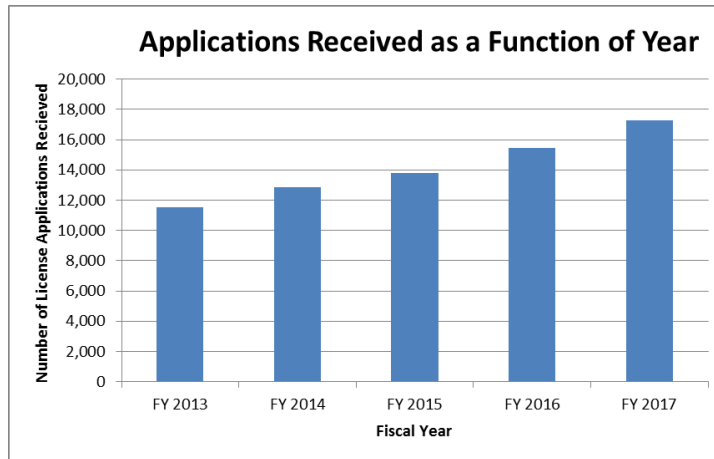OFCR neither collects, nor does it keep the data requested in HB 1597.

Applications
Although prior criminal conduct may be identified as part of the licensing process, of the licensing categories supervised by OCFR, only four require criminal background checks as part of the licensing process. These include applications for:

- Mortgage Loan Originators;
- Mortgage Lenders;
- Money Transmitters; and
- Debt Management Companies.

Note: a vast majority of mortgage lenders, money transmitters, and debt management companies involve a license to a business entity and not to an individual. Criminal background checks in those cases apply to control individuals.

From Fiscal Year 2013 to Fiscal Year 2017, OCFR has received 70,861 applications for licenses. During that time, a total of 606 applicants had some type of criminal record associated with the application. Of those applications, 438 applicants had a federal record, and 168 applicants had a Maryland state record.

Applications Received as a Function of Year

Number of License Applications Recieved vs **Fiscal Year** (FY 2013, FY 2014, FY 2015, FY 2016, FY 2017)

Denials

From 2013 to present, OCFR was able to identify one denial that was related to criminal history. The denial, issued in August 2014, involved a license application to be a mortgage loan originator in which the OCFR determined that the applicant had altered application materials to hide a criminal conviction for "Theft of Personal Property" by misrepresenting that the charges had been dismissed. In that denial, falsification of the court documents (i.e. the "material misstatements") were the grounds for denial, not the underlying criminal record. Please note: OCFR complies with its record retention policy, as approved by the State Archivist, and, accordingly, records associated with denials from years in which destruction of records were scheduled, may no longer exist in OCFR's records.

Information Not Collected and Retained

Criminal history and background check data is not retained by OCFR for reasons of confidentiality or as otherwise prescribed by Federal law. Thus, the Agency cannot provide specific data answering the questions of specific years since a criminal charge had passed or under which provision of law a license was denied. However, it is important to note the rarity of denial of applications based on criminal history by OCFR.