

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 524 (Senator Kelley, *et al.*)
Judicial Proceedings

**Landlord and Tenant - Repossession for Failure to Pay Rent - Lead Risk
Reduction Compliance**

This bill makes multiple changes to the process by which a landlord may repossess property for failure to pay rent in the State and in Baltimore City. The bill also makes other stylistic and conforming changes.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law:

Required Contents of a Complaint to Repossess Residential Property

The bill expands the statutorily required contents of a complaint to repossess residential property by requiring the landlord to state whether the property to be repossessed is an “affected property” as defined in § 6-801 of the Environment Article. An “affected property” is one that is at risk for lead paint contamination, as specified. If the property to be repossessed is an affected property, the complaint is required to state that the landlord has registered the affected property as required under the Environment Article and kept the

registration current. The complaint must also state the inspection certificate number for the inspection conducted for the current tenancy or state that the owner is unable to provide an inspection certificate number because:

- the owner has requested that the tenant allow the owner access to the property to perform the work required under the Environment Article;
- the owner has offered to relocate the tenant in order to allow the owner to perform work if the work will disturb the paint on the interior surfaces of the property and to pay the reasonable expenses the tenant incurs directly related to the relocation; and
- the tenant has refused to allow access to the owner or refused to vacate the property in order for the owner to perform the required work.

The bill also requires the District Court to dismiss a complaint if the landlord fails to include in the complaint information about whether the property is an affected property or fails to include the required registration information, unless the court adjourns the trial to enable either party to procure necessary witnesses, documents, or other proof of a claim or defense.

Adjournment to Enable Procurement of Witnesses

The bill expands the authority of the court to adjourn the proceedings to enable either party to obtain documents or other proof of a claim or defense. Existing provisions authorize the court to adjourn the trial only to allow either party to procure necessary witnesses. The bill also extends the maximum length of the adjournment from one to seven days.

Issues of Fact at Trial

The bill repeals the prohibition against raising at trial, as an issue of fact, information related to the property's status as an affected property.

Baltimore City

The bill requires a rental property in Baltimore City to be in compliance with specified registration, permit, or license requirements in the Baltimore City Code and the Environment Article before a landlord may file a complaint for repossession of the property for failure to pay rent.

The bill also expands the authority of a judge in Baltimore City to adjourn the proceedings by enabling either party to obtain documents or other proof of a claim or defense. Existing provisions authorize the judge to adjourn the trial in the interest of justice for up to seven days.

Background: During the 2016 interim, a workgroup was convened at the request of members of the Baltimore City legislative delegation to consider and make recommendations as to needed changes in legislation, judicial policy, and procedures, as well as local government programs, particularly in Baltimore City, to fairly and effectively adjudicate the rights and responsibilities of both landlords and tenants.

In the final report of the workgroup, dated December 8, 2016, which included both legislative and nonlegislative recommendations, the workgroup made several recommendations related to provisions of the bill including repealing language prohibiting the status of a lead certificate being an issue at trial and authorizing the court to adjourn proceedings to obtain documents or other proof.

The Administrative Office of the Courts advises that 641,429 actions for repossession for failure to pay rent were filed in the District Court in fiscal 2017. A total of 650,230 landlord/tenant actions were filed in fiscal 2017.

Small Business Effect: Small business landlords may be required to provide additional documentation when filing a complaint to repossess residential property for failure to pay rent. The bill's extension of the length of time the court or judge may adjourn the proceedings to allow a party to procure documents or other proof may also delay the final disposition of a case, resulting in lost revenue.

Additional Information

Prior Introductions: None.

Cross File: HB 852 (Delegate Rosenberg, *et al.*) - Environment and Transportation.

Information Source(s): Baltimore City; Calvert, Caroline, Howard, Montgomery, and Prince George's counties; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland Department of the Environment; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2018
mm/kdm

Analysis by: Nathan W. McCurdy

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