

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 523
Judiciary

(Delegate Attar)

Judicial Proceedings

Landlord and Tenant - Repossession for Failure to Pay Rent - Registration and License Information

This bill requires a landlord or a landlord’s agent filing a written complaint to repossess property due to the failure to pay rent to submit documents to the District Court that demonstrate compliance with local law and State statute regarding licensure and registration as an affected property, respectively. A provisional or temporary license is insufficient to satisfy this requirement. At a trial for repossession for failure to pay rent, a landlord must show by a preponderance of the evidence that the property is in compliance with local licensing requirements and may present an electronic copy of the license as proof of compliance. If the lessor fails to provide proof of compliance, a judge may not enter a judgment in favor of the lessor. The bill makes conforming changes to statutory provisions specific to Baltimore City. **The bill takes effect January 1, 2022.**

Fiscal Summary

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

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

Small Business Effect: Minimal, as discussed below.

Analysis

Current Law:

Licensing of Rental Property

Statute does not include statewide requirements for rental property licensure. However, several jurisdictions require such licensing. For example, in Anne Arundel County, a person may not operate a multiple dwelling or rooming house without a license. A separate license is required for each multiple dwelling or rooming house. In Prince George's County, licenses are generally required to operate (as an owner, lessee, agent, or in another capacity) single-family rental facilities or multi-family rental facilities, subject to specified exceptions.

Under the Baltimore City Code, an individual is prohibited from (1) renting or offering to rent to another all or any part of any rental dwelling without a currently effective license from the Housing Commissioner or (2) charging, accepting, retaining, or seeking to collect any rental payment or other compensation for providing to another the occupancy of all or any part of any rental dwelling unless the person is licensed, as specified. A license is not required for any rental dwelling that is owned and operated by the Housing Authority of Baltimore City.

Registration of Affected Property and Complaints for Repossession

An "affected property" is one that is at risk for lead paint contamination, as specified. Statutory provisions set forth a process by which an affected property must be registered. If a 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 provide 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 information provided by the landlord may not be an issue of fact at trial.

In *McDaniel v. Baranowski*, 419 Md. 560 (2011), the Maryland Court of Appeals held that a landlord is not entitled to use specified statutory remedies upon a tenant's failure to pay rent if the landlord has not complied with applicable residential licensing requirements.

Small Business Effect: Small business landlords may be required to provide additional documentation to repossess residential property for failure to pay rent actions.

Additional Information

Prior Introductions: HB 768 of 2020, a similar bill with applicability only in Baltimore City, passed the House as amended and was referred to the Senate Judicial Proceedings Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Baltimore City; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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