

**Department of Legislative Services**  
Maryland General Assembly  
2023 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1016 (Delegate Henson)  
Environment and Transportation

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**Real Property – Residential Lease – Early Termination by Tenant**

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This bill limits the liability of a tenant who terminates a residential lease prior to the end of the lease term under specified circumstances involving a change in the location of the tenant’s employment, involuntary unemployment, or the death of an individual whose income was used to qualify for the lease.

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**Fiscal Summary**

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

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

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** Notwithstanding any other provision of Title 8 of the Real Property Article, a tenant seeking to terminate the tenant’s residential lease prior to the end of the term of the lease may mitigate the tenant’s liability by providing 60 days’ written notice to the landlord if:

- the tenant experiences an involuntary change of location of employment resulting in a commute of 50 or more miles and provides to the landlord a written statement from the tenant’s employer verifying the relocation of the tenant’s employment and stating that the employer will not pay for the tenant’s relocation;

- the tenant or an individual whose income was used to qualify for the lease becomes involuntarily unemployed and the tenant provides to the landlord written verification from the former employer of the wage earner or from a government agency providing unemployment benefits; or
- an individual whose income was used to qualify for the lease dies and the tenant provides to the landlord a certified death certificate confirming the death of the wage earner.

A tenant that terminates a lease under these circumstances is liable only for the actual damages incurred by a landlord as a result of the early termination or 2 months' rent, whichever is less. The bill prohibits a landlord from seeking damages against a tenant that terminates a lease under the bill's provisions until 60 days after the tenant vacates the leased premises.

**Current Law:** Existing statute includes provisions under which a tenant's liability for rent may be mitigated in limited circumstances. For example, if a person who is on active duty with the United States military (or the person's spouse) enters into a residential lease and subsequently receives a change of assignment, before or after occupying the property, any liability for rent under the lease may not exceed (1) any rent or lawful charges due and payable plus 30 days' rent after written notice and proof of the change of assignment is given to the landlord and (2) the cost of repairing any damage to the premises, as specified. Other circumstances under which future rent liability may be limited include if the tenant or a legal occupant is a victim of specified abuse or has certain medical conditions.

**Small Business Effect:** Small business landlords are limited in the recovery they may seek from tenants who terminate a lease early under the circumstances of the bill.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Baltimore City; Maryland Association of Counties; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2023  
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Analysis by: Donavan A. Ham

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