

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1341 (Delegate W. Baker)  
Economic Matters

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**Landlord and Tenant - Security Deposits**

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This bill alters the amount of interest a landlord must pay a tenant upon return of the tenant's security deposit from 4% per annum to the current savings rate, less one-half percent servicing charges.

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**Fiscal Summary**

**State Effect:** None. Assuming that the Consumer Protection Division will receive fewer than 50 complaints per year stemming from this bill, existing resources should be adequate to handle any additional workload.

**Local Effect:** None.

**Small Business Effect:** Minimal effect on small businesses as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** This bill provides that the security deposits of tenants earn interest at the current savings rate, less a one-half percent servicing charge. Currently, the interest rate paid on most passbook accounts is less than 4%. Thus, small business landlords with security deposits earning less than 4% are currently required to incur additional expenditures in order to provide a 4% interest rate on the security deposits of tenants. If future passbook interest rates exceed 4%, the bill could result in the loss of interest income for these landlords.

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**Information Sources:** Office of the Attorney General (Consumer Protection Division),  
Department of Fiscal Services

**Fiscal Note History:** First Reader - March 11, 1997

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