

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 292 (Senator Craig)  
Judicial Proceedings

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**Real Property - Residential Leases - Interest on 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 passbook rate of the financial institution where the deposit is being held. The rate used is the prevailing rate on January 1 and July 1 for each six-month period of the tenancy which follows those dates. The bill also requires a landlord to provide a tenant with the name of the financial institution where the tenant's security deposit is being held within 30 days of a written request.

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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 impact 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 rate prevailing while the deposits are held. Currently, the interest rate paid on most passbook accounts is less than 3%. Thus, small business landlords 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 - February 7, 1997

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