

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 772 (Senator Baker, *et al.*)  
Judicial Proceedings

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**Lead Paint - Rent Escrow Law - Repeal**

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This bill repeals the authority for a renter to place rent in escrow if a landlord does not remove or eliminate lead-based paint from the resident's dwelling (interior, exterior, or other surface that is easily accessible to a child) within a certain period of time after receiving notice of the presence of lead-based paint.

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**Fiscal Summary**

**State Effect:** None, as discussed below.

**Local Effect:** None.

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

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**Fiscal Analysis**

**State Effect:** The Office of the Chief Clerk of the District Court reports that there are an insignificant number of escrow accounts established attributable to lead paint each year; therefore, any decrease in the District Court's workload would not materially affect State finances.

**Small Business Effect:** Under this bill, tenants would not be able to put rent funds in escrow due to lead paint problems. Therefore, landlords will not have to clean up any perceived problems before receiving rent proceeds; nor will landlords have to take such action to avoid having rent being put in escrow. However, as discussed above, the number of such cases each year is minimal; therefore, not many landowners would be directly affected. There are an estimated 25,000 to 30,000 properties, which are assumed to comprise about 200,000 units, in MDE's registry of "affected properties". It should be noted that a large number of

properties that could potentially be affected are not currently registered.

Tenants could still threaten to report landlords who are out of compliance with existing lead paint laws, or file a lawsuit to force cleanup of properties. The overall impact of this legislation on landlords depends upon the number who would be affected by the escrow actions but who are in compliance with existing lead paint laws (the escrow provisions could require full abatement which is not required under other lead paint laws), and the number of lawsuits that may be filed in place of escrow actions.

Any decrease in the number of lead abatements conducted would affect those businesses in the cleanup industry. There are 118 certified lead paint inspectors, 219 certified abatement contractors, and 11 certified training inspectors in the State, almost all of which are small businesses. Abatement can cost up to \$20,000 per housing unit.

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**Information Source(s):** Maryland Department of the Environment, Judiciary (District Court), Department of Fiscal Services

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