

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1029 (Delegate Redmer, *et al.*)
Economic Matters

Landlord and Tenant - Prohibition on Liquidated Damages Clauses in Baltimore City - Repeal

This bill repeals current law prohibiting enforcement of a liquidated damages clause or a penalty clause in a residential lease in Baltimore City. The bill also repeals the prohibition against a residential property lease in Baltimore City containing a liquidated damages or penalty clause if the lease was entered into after July 1, 1975.

Fiscal Summary

State Effect: None.

Local Effect: Minimal increase in revenues for Baltimore City in FY 1998 as discussed below. Expenditures would not be affected.

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

Fiscal Analysis

Local Revenues: This bill would allow Baltimore City to enforce liquidated damage clauses in the residential leases of public housing tenants. This would provide additional revenues for Baltimore City, but any increase is expected to be minimal.

Small Business Effect: Authorizing the inclusion of liquidated damage and penalty clauses in a lease could increase the amount that Baltimore City landlords could recover in the event that a lessee of residential property fails to perform on the lease.

Information Sources: Office of the Attorney General (Consumer Protection Division),

Baltimore City

Fiscal Note History: First Reader - February 17, 1997

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