

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

House Bill 1378 (Delegates Pendergrass and Gordon)  
Economic Matters

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**Real Property - Commercial Rental Property - Escrow Account**

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This bill requires a landlord of a commercial rental property to place a security deposit in an escrow account segregated from the landlord's operating funds.

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**Fiscal Summary**

**State Effect:** The bill would not directly affect governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** For a residential lease, a landlord is required to pay 4% interest and to maintain all security deposits in branches of federally insured financial institutions doing business in the State. The accounts must bear interest and be devoted exclusively to security deposits. In lieu of these accounts, a landlord may hold the security deposits in insured certificates of deposit at branches of federally insured financial institutions doing business in the State. No statutory provision requires commercial landlords to maintain security deposits for commercial leases in escrow accounts.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General, Department of Legislative Services

**Fiscal Note History:** First Reader – March 11, 2001  
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