

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 914

(Delegate King, *et al.*)

Environmental Matters

**Landlord and Tenant - Commercial Retail Property - Common Area
Maintenance**

This bill prohibits a landlord of a commercial property that has more than more than six units or spaces for lease from charging a tenant a greater amount for a common area's maintenance costs than the tenant's costs for the landlord's actual expenses incurred. The landlord may not charge more than \$25,000 in common area maintenance costs unless the amount has been approved by the unanimous vote of the tenants. A landlord who violates this prohibition is liable to the tenant affected by the violation for reasonable attorney's fees and the greater of: (1) the total amount of the damages proximately caused by the violation; or (2) \$1,000 per violation. The landlord must make all original documents for common area maintenance available for inspection as specified under the bill, and a tenant must give the landlord at least 15 days notice of a request to inspect the documents.

The bill applies prospectively and does not apply to leases entered into before October 1, 2006.

Fiscal Summary

State Effect: The bill would not materially affect the overall workload of the Judiciary.

Local Effect: See above.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Contractual relationships between commercial landlords and their tenants are not generally regulated by the State. Attorney's fees are not generally available as part of a damage award unless specifically provided for in a contract or statute, or under the Maryland Rules.

Small Business Effect: It is unknown what percentage of commercial leases currently provide for how tenants will be charged for the maintenance for common areas. The bill alters the framework for these contractual relationships. The amount that small business landlords charge and the amount that small business tenants pay for rent could be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2006
mll/jr

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