

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1110 (Delegate Sossi, *et al.*)  
Environmental Matters

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

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This bill prohibits a landlord of a commercial property that has 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 bill applies prospectively and does not apply to leases entered into before October 1, 2007.

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**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.

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**Analysis**

**Bill Summary:** The bill applies where a landlord charges tenants for common area maintenance by an allocated method, such as allocating the expenses • per tenant or number of tenants; • proportionally by square footage; or • per type of unit space.

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. 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 bill does not prohibit a landlord from recovering common area maintenance expenses in an undifferentiated lease payment.

**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.

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### **Additional Information**

**Prior Introductions:** A similar bill, HB 914 of 2006, received an unfavorable report from the House Environmental Matters Committee.

**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 - March 13, 2007  
bfl/jr

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