

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 965 (Delegate Kelly, *et al.*)
Environmental Matters

Real Property - Mechanics' Liens - Extent of Lien Applied to Tenant's Interest

This bill decreases the percentage of value of a building erected, repaired, rebuilt, or improved by a tenant for life or years or an employee of the tenant from 25% to 15% for the purposes of establishing a mechanic's lien on the tenant's interest.

Fiscal Summary

State Effect: Potential minimal increase in special fund revenues from surcharges for mechanic's liens recorded under the bill. If the Consumer Protection Division of the Office of the Attorney General receives fewer than 50 complaints per year stemming from the bill, the additional workload can be handled with existing resources. No effect on revenues.

Local Effect: Potential minimal increase in revenues from recordation fees for mechanic's liens recorded under the bill. Expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: A building erected or repaired, rebuilt, or improved to the extent of 15% of its value is subject to the establishment of a lien for the payment of all debts contracted for work done and for materials furnished, including (1) the drilling and installation of wells to supply water; (2) the construction or installation of any swimming pool or fencing; (3) the sodding, seeding, or planting of shrubbery or other nursery products; (4) the grading, filling, landscaping, and paving of the premises; (5) the provision of building or landscape architectural services, engineering services, land

surveying services, or certified interior design services; and (6) the leasing of equipment, for use for or about the building or premises.

If a building is erected, repaired, rebuilt, or improved to the extent of 25% of its value by a tenant for life or years or by a person employed by the tenant, any mechanic's lien established applies only to the extent of the tenant's interest.

To establish a mechanic's lien, a person must file proceedings in the circuit court for the county where the land or any part of it is located within 180 days after the work has been finished or the materials furnished. The petition must at least state the name and address of the petitioner, the name and address of the owner, specified information about the work done or the materials furnished, a description of the land, and if the petitioner was a subcontractor, facts showing that the required notice was sent to the owner.

Background: Chapter 433 of 1996 decreased from 25% to 15% the percentage of value of a building erected, repaired, rebuilt, or improved that subjects the building to the establishment of a mechanic's lien. A corresponding change was not made in provisions of law governing the extent of a lien on a building erected, repaired, rebuilt, or improved by a tenant for life or years.

Additional Information

Prior Introductions: None.

Cross File: SB 530 (Senator Stone, *et al.*) - Judicial Proceedings.

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

Fiscal Note History: First Reader - February 22, 2010
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