HB 790

Department of Legislative Services

Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 790 (Delegate Holmes, *et al.*)
Rules and Executive Nominations

Local Government - Restrictions on Income-Producing Real Property - Fiscal Impact Review

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This bill requires the governing body of a county or municipal corporation to provide a copy of rent-control legislation to the Department of Legislative Services (DLS) prior to enacting the legislation. Within 30 days of receipt, DLS must prepare a fiscal note and economic impact analysis for the legislation. DLS must send a copy of the analysis to the governing body proposing the legislation, the chairs of the Senate Budget and Taxation Committee and House Ways and Means Committee, and the Director of the Bureau of Revenue Estimates.

The bill's requirements do not apply to rent control that (1) applies only to property owned by a housing authority, county, municipal corporation, or the State or (2) is a condition of participation in a government-sponsored affordable housing program in which the owner of the property voluntarily accepts the rent control in order to receive a material benefit from the government.

The bill takes effect June 1, 2014. The bill only applies prospectively and does not have any effect on or application to any law enacted before the effective date.

Fiscal Summary

State Effect: To the extent local governments propose rent-control legislation outside the timeframe of the General Assembly legislative session, DLS expenditures increase minimally to conduct the required studies. To the extent that local governments propose rent-control legislation during the General Assembly legislative session, the bill's requirement that DLS prepare an analysis within 30 days of receipt may be significantly burdensome on the department. However, it cannot be accurately predicted how often this issue will arise. Revenues are not affected.

Local Effect: The bill's requirements do not materially affect the finances of local governments; however, local government implementation of rent controls may be delayed due to the study requirement.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Local jurisdictions in Maryland have authority to enact rent stabilization (rent-control) laws. For example, landlords in Takoma Park may generally only increase rent by a percentage equal to the current year's increase in the Consumer Price Index-All Urban Consumers (CPI-U) in the Baltimore-Washington metropolitan area. Landlords in College Park are also prohibited from increasing rent by more than the annual percentage increase in CPI-U. However, the Mayor and City Council of College Park have suspended the administration and enforcement of the rent stabilization program. Additionally, while Montgomery County has no statutory prohibition, the county issues an annual voluntary rent guideline, which is the increase in the rental component of the Consumer Price Index for the previous year for the Baltimore-Washington metropolitan area. The voluntary guideline in 2014 is 1.5%.

Additional Information

Prior Introductions: HB 916 of 2009, a similar bill, received an unfavorable report from the House Environmental Matters Committee. Its cross file, SB 658, passed the Senate, as amended, and was heard by the House Rules and Execute Nominations Committee, where it received no further action.

Cross File: SB 595 (Senator Peters, *et al.*) - Budget and Taxation.

Information Source(s): Baltimore, Charles, Frederick, and Montgomery counties; cities of Frederick and Havre de Grace; Department of Housing and Community Development; Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2014
ncs/kdm

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