

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1059

(Delegate Morales, *et al.*)

Environment and Transportation

Judicial Proceedings

Landlord and Tenant - Security Deposit - Contents of Lease

This bill requires, instead of authorizes, a written lease for residential property to include a specified receipt for the security deposit.

Fiscal Summary

State Effect: Any increase in District Court caseloads can likely be handled with existing resources. The Office of the Attorney General, Consumer Protection Division, can handle the bill's requirements with existing resources, assuming 50 or fewer new complaints are generated by the bill.

Local Effect: The bill is not anticipated to materially affect the circuit courts or local finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: A landlord is required to give a tenant a receipt for the security deposit. The receipt may be included in a written lease. The receipt must contain specified information, and a landlord is required to retain a copy of the receipt for two years after the end of the tenancy, abandonment of the premises, or eviction of the tenant. If a landlord does not provide a written receipt for the security deposit, the landlord must pay the tenant \$25.

Any landlord who rents five or more dwelling units in the State may not rent a residential dwelling unit without using a written lease. If a landlord fails to use a written lease, the

term of the tenancy is presumed to be one year from the date the tenant occupies the property, unless the tenant elects to move out earlier and gives one month's written notice.

A landlord who rents units using a written lease must provide, after receiving a written request from any prospective tenant, a copy of the proposed lease form in writing, completed, as specified, except for the date, the name and address of the tenant, the designation of the premises, and the rental rate without requiring execution of the lease or any prior deposit. The lease is required to include (1) a statement that the premises will be delivered in a livable condition, with reasonable safety, if that is the agreement, or if both parties agree otherwise, a statement of the agreement concerning the condition of the premises and (2) the landlord's and the tenant's specific obligations for heat, gas, electricity, water, and repair of the premises.

Background: Generally, State law does not require a security deposit to be paid (and, thus, a receipt provided by the landlord) at the time a lease is signed. As a result, the tenant may not receive the security deposit receipt that includes specified information about his or her rights under State law regarding the security deposit until *after* the lease is signed.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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