

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 628

(Senator Reilly)

Judicial Proceedings

Landlord and Tenant - Establishment of Rent Escrow Accounts - Time Limit

This bill requires a District Court order for a tenant to pay rent into specified escrow accounts based on a jury trial demand in a failure to pay rent, tenant holding over, or breach of lease action to require the tenant to establish the account on the day the order is entered. For jury trial demands in wrongful detainer actions, the bill repeals the requirement for an order to require specified amounts to be paid within five days of the order and instead requires the amounts to be paid on the day the order is entered.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State government operations or finances.

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

Small Business Effect: Minimal.

Analysis

Current Law: Generally, in a proceeding for failure to pay rent, tenant holding over, or breach of lease, if a party demands a jury trial, the District Court must enter an order directing the tenant to pay rent as it becomes due while the action is pending. The District Court must order the rents to be paid (1) into an escrow account of either the clerk of the circuit court or, if directed by the District Court, an administrative agency authorized to hold rents in escrow or (2) to the landlord, if both the tenant and landlord agree or at the discretion of the District Court.

Similarly, in a wrongful detainer action (when a person or entity holds possession of real property without the right of possession) in which a party demands a jury trial, the court must order that the person/entity pay the monthly fair rental value or an amount determined by the court, as specified. The ordered amount must be paid (1) into the registry of an escrow account of the clerk of the circuit court or (2) to the plaintiff if both the defendant and plaintiff agree or at the discretion of the court. The order must require the determined amount to be paid within five days of the date of the order.

Statutory provisions specify applicable procedures for the failure to pay as required by the court order. Upon final disposition of the applicable action, the circuit court must order distribution of the rent escrow account in accordance with the judgment. If no judgment is entered, the circuit court must order distribution to the party entitled to the rent escrow account after the hearing.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2021
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