

May 28, 2021

The Honorable Bill Ferguson
President of the Maryland Senate
H-107 State House
Annapolis, MD 21401

The Honorable Adrienne A. Jones
Speaker of the Maryland House of Delegates
H-101 State House
Annapolis, MD 21401

Dear Mr. President and Madam Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed House Bill 719 – *Commercial Tenants – Personal Liability Clauses – Enforceability*. House Bill 719 contains well-intentioned goals to assist struggling businesses that temporarily closed due to the COVID-19 pandemic. However, this legislation will have a negative impact on other Maryland small businesses by altering private contracts between commercial landlords and tenants and causing personal liability clauses to be unenforceable.

From the very start of the COVID-19 pandemic my Administration has remained committed to providing relief for struggling Maryland businesses. We have provided over \$750 million in Coronavirus relief funding, with business assistance that included \$220 million in emergency grant and loan assistance and over \$80 million in restaurant relief. In addition we passed the bipartisan RELIEF Act, which established \$1.45 billion in additional funding, including another \$20 million in funding for small businesses, \$22 million for restaurants, \$10 million for hotels, and nearly \$190 million for a sales and use vendor tax credit.

House Bill 719 fails to recognize that many of Maryland's commercial landlords are small businesses themselves. They often need personal liability clauses from their tenants to obtain their own financing for the property from lenders. This legislation could result in a commercial landlord being in technical default on their loan for the building, only leading to more difficulty in the future for businesses to obtain commercial financing, leading to greater small business and job losses.

Moreover, House Bill 719 does not account for circumstances where the commercial tenant is a larger entity and has more capital than their landlord. This bill could provide the larger tenant relief while providing less to the smaller landlord.

There is no question that the implementation of public safety measures to combat the COVID-19 pandemic deeply impacted many businesses in Maryland. However, this legislation waives an impacted commercial tenants contractual obligations, regardless of whether they received assistance from their landlords, governmental aid or other support and without any assessment of financial hardship and instead shifts the burden on fellow small businesses.

For these reasons, I have vetoed House Bill 719.

Sincerely,

Lawrence J. Hogan, Jr.
Governor