

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 151

(Delegate Wells)

Environment and Transportation

Judicial Proceedings

Real Property - Residential Leases - Notification of Rent Increases

This bill requires a landlord to notify a residential tenant in writing prior to a rent increase. The bill also establishes reporting requirements for local jurisdictions that adopt local laws limiting rent increases under specified circumstances.

Fiscal Summary

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

Local Effect: The bill, including the reporting requirements for certain local jurisdictions, is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Rent Increase Notification – Requirements

Before increasing a tenant's rent, a landlord must send written notice to the tenant by first-class mail (with a certificate of mailing) or by electronic delivery, if the tenant has elected electronic delivery. Electronic delivery includes an email message; text message; or electronic tenant portal. The electronic delivery method must provide the landlord with proof of transmission of the notice. A landlord may not (1) condition the acceptance of a lease application on the tenant's election to receive such notices by electronic delivery or

(2) use a lease that requires the tenant to accept notice of rent increases by electronic delivery.

The bill further specifies additional requirements for notice that depend on the type of tenancy, as follows:

- for a tenancy for a term of more than 1 month, the notice must be sent at least 90 days in advance of the rent increase;
- for a tenancy for a term of more than 1 week, but not more than 1 month, the notice must be sent at least 60 days in advance of the rent increase; and
- for a tenancy for a term of one week or less, the notice must be at least 7 days in advance of the rent increase if the parties have a written lease or at least 21 days in advance of the rent increase if the parties do not have a written lease.

The bill specifies that these provisions do not affect or supersede any local law or ordinance that requires additional notice or provides additional tenant protections. The provisions are also not applicable to landlords who have provided written notice of the intent to terminate a tenancy, as required under existing statutory provisions.

Local Laws and Reporting

The bill establishes reporting requirements for local jurisdictions that adopt a local law to limit the rent increase that a landlord may charge a current tenant for a subsequent term without a gap in tenancy. However, these provisions do not apply to a local jurisdiction that adopts a rent increase law, if the limitation on rent increases applies only:

- during a designated state of emergency or catastrophic health emergency issued by the Governor;
- during an emergency order issued by the head of the executive branch of the local jurisdiction;
- to housing owned by the local jurisdiction and operated by the local jurisdiction or a third party; or
- to housing funded, in whole or in part, by the local jurisdiction.

Unless otherwise exempted above, the bill requires that upon the adoption of a local law, the local jurisdiction must report to the General Assembly (1) that the local jurisdiction has adopted a local law to limit the rent increase that a landlord may charge; (2) the text of the adopted local law; and (3) the date the local law will go into effect.

On or before January 31 of the second calendar year after a local jurisdiction adopts a local law, and annually thereafter, the local jurisdiction must also report to the General Assembly

information regarding new building permits issued by the local jurisdiction for multifamily dwellings intended for use as rental properties, as specified.

These provisions may not be construed to authorize a local jurisdiction to adopt a local law to limit rent increases that may be charged to a current tenant.

Current Law: There is no State notice requirement prior to increasing the rent under residential leases. Generally, a landlord may not arbitrarily increase the rent solely because:

- the tenant or the tenant's agent has filed a good faith written complaint with the landlord or with a public agency against the landlord, as specified;
- the tenant or agent has filed a lawsuit against the landlord or testified or participated in a lawsuit involving the landlord; or
- the tenant is a participant in any tenants' organization.

Such actions are examples of a retaliatory action, which may be raised by a tenant in defense to an action for possession or as an affirmative claim for damages.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Caroline, Howard, and Prince George's counties; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2023
km/jkb Third Reader - March 27, 2023
Revised - Amendment(s) - March 27, 2023

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