

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 853 (Delegate Allen, *et al.*)
Environment and Transportation

Judicial Proceedings

Residential Leases - Late Payment Penalties - Calculation

This bill prohibits a landlord (for residential leases) from charging a penalty for the late payment of rent that exceeds 5% of the amount of *unpaid* rent due for the rental period for which the payment was delinquent.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Landlords are prohibited from using a lease that provides for (1) a penalty for the late payment of rent in excess of 5% of the amount of rent due for the rental period for which the payment was delinquent or (2) in the case of leases under which the rent is paid in weekly rental installments, a late penalty of more than \$3 per week or a total of no more than \$12 per month. (The bill specifies that the 5% maximum is based on the amount of *unpaid* rent).

Small Business Effect: Any small business landlords and property management companies that assess late payments based on more than the *unpaid* portion of rent are prohibited from continuing that practice.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 22, 2024
km/jkb Third Reader - March 8, 2024

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