

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 689

(Senator Smith)

Education, Energy, and the Environment

Rules and Executive Nominations

Fire Protection and Prevention – Residential Rental Property – Requirements
(Melanie Nicholle Diaz Fire Safety Act)

This bill establishes requirements related to the installation of automatic smoke detectors and notices regarding the lack of automatic sprinkler systems in residential rental high-rise buildings. It also modifies existing provisions related to notification appliances for deaf or hard of hearing individuals and expands those requirements to include deafblind individuals. In addition, the bill authorizes local governments to grant a property tax credit for specified residential high-rise buildings if the building owner makes fire safety improvements. Finally, the bill establishes the Workgroup to Develop Fire Safety Best Practices for Pre-1974 High-Rise Apartment Buildings, staffed by the Department of State Police (DSP), to study and make recommendations regarding the improvement of fire safety in high-rise apartment buildings that do not have fire sprinkler systems and other fire safety technology. **The bill generally takes effect July 1, 2024. The workgroup-related provisions take effect June 1, 2024, and terminate June 30, 2025.**

Fiscal Summary

State Effect: No effect in FY 2024. General fund expenditures increase by \$35,600 only in FY 2025 for staff for the workgroup. Higher education expenditures increase, *likely significantly* in FY 2025, to upgrade existing residential rental high-rise buildings with smoke detectors and lighting equipment. Revenues are not materially affected.

Local Effect: Potential significant decrease in local property tax revenue beginning in FY 2025 to the extent the property tax credits are granted, as discussed below. Local expenditures are not materially affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

High-rise Building – Definition

“High-rise building” means a building for human occupancy that is seven or more stories above grade level or more than 75 feet in height. “High-rise building” does not include a structure or building used exclusively for open-air parking or a building used exclusively for agricultural purposes.

Smoke Alarms and Notification Appliances

Beginning July 31, 2025, smoke detectors must be installed in accordance with location and spacing requirements established by the National Fire Protection Association (NFPA) in each interior public corridor in a residential rental high-rise building. A county may not require upgrades to fire safety systems not specified above as a condition of issuing a permit for the installation of the required smoke detectors.

Identical to existing requirements under current law for sleeping rooms occupied by deaf or hard of hearing individuals, each sleeping room occupied by a deafblind individual must be provided with a smoke alarm suitable for deafblind individuals. On written request on behalf of a tenant who is deafblind, a sleeping room occupied by a deafblind individual must be provided with an approved notification appliance device. The landlord must provide a notification device that, when activated, provides a signal that is sufficient to warn the deafblind tenant in those sleeping rooms.

Also identical to existing requirements under current law for deaf and hard of hearing individuals, hotels and motels must have available at least one approved notification appliance for deafblind individuals for each 50 units or fraction of 50 units. Hotels and motels must post in a conspicuous place at the reception desk a permanent sign that states the availability of smoke alarm notification appliances for deafblind individuals, and hotels and motels may require a refundable deposit for such an appliance.

The bill also prohibits a landlord from requiring that a tenant (1) pay for the purchase or installation of a notification appliance required to be installed in a sleeping room occupied by a deaf, deafblind, or hard of hearing individual pursuant to current law or (2) provide any supporting documentation or other form of evidence with a written request for such notification appliances. Further, a landlord *may not* require reimbursement from a tenant for the cost of a smoke alarm required under these provisions.

Existing penalty provisions apply to violations of these provisions. Specifically, a person who knowingly violates these provisions is guilty of a misdemeanor and on conviction is subject to imprisonment for up to 10 days and/or a fine of up to \$1,000.

Notice of Absence of Complete Automatic Sprinkler Systems

Beginning July 1, 2024, the owner of a residential rental high-rise building that is not protected by a complete automatic sprinkler system must post notice in the building that (1) states, in lettering that is at least one inch high and on a contrasting background, “WARNING: THIS HIGH-RISE BUILDING IS NOT PROTECTED THROUGHOUT BY A COMPLETE AUTOMATIC SPRINKLER SYSTEM” and (2) is conspicuously posted at all main building entrances as approved by the authority having jurisdiction.

Beginning January 1, 2025, and continuing until a residential rental high-rise building is protected by a complete automatic sprinkler system, the owner of a residential rental high-rise building that is not protected must include in any lease agreement a conspicuous notice indicating that the building is not currently protected by a complete automatic sprinkler system. The notice must be initialed by the tenant.

The Department of Housing and Community Development (DHCD), in coordination with the State Fire Marshal and the Maryland Department of Emergency Management (MDEM), must identify funding sources that may be available to the owner of a residential rental high-rise building or the governing body of a condominium or cooperative housing corporation to aid the owner or governing body in protecting the building with a complete automatic sprinkler system. DHCD must publish information on identified funding sources on its website.

Annual Notice Requirements

In addition to other specified notice requirements, for fire safety purposes, the owner of a residential high-rise building with rental units must provide fire safety and building evacuation information and instruction to (1) new tenants at the commencement of occupancy and (2) existing tenants every two years. The information and instruction must include identification of fire alarm system elements in the building.

Lighting Requirement

Each residential rental high-rise building must be equipped with emergency escape lighting consistent with applicable NFPA standards for all common means of egress.

Local Property Tax Credit

The Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation may grant, by law, a tax credit against the county or municipal corporation property tax imposed on an apartment building, a condominium building, or a building owned by a cooperative housing corporation if the owner of the apartment building, the condominium association, or the cooperative housing corporation makes fire safety improvements to the building on or after July 1, 2024. The bill further authorizes such local governing bodies to provide, by law, for (1) the amount and duration of the tax credit; (2) additional eligibility criteria for the tax credit; and (3) any other provisions necessary to carry out the bill's property tax provisions.

Workgroup to Develop Fire Safety Best Practices for Pre-1974 High-rise Apartment Buildings

The workgroup must (1) study fire safety risks in high-rise apartment buildings that do not have automatic sprinkler systems or other fire safety technology; (2) study current strategies, practices, and technology to mitigate fire risks, maximize evacuation of occupants, and allow for greater access and more expedient responses by emergency response professionals; and (3) develop recommendations and best practices for the improvement of fire safety in high-rise apartment buildings that do not have fire sprinkler systems and other fire safety technology. In developing its recommendations, the workgroup must consider (1) the availability, feasibility, and degree of fire hazard mitigation of each alternative fire protection system or arrangement; (2) the cost, design, installation, testing, and maintenance of each fire protection system; and (3) the duration of installation for each alternative fire protection system and the intensity of the disruption of normal occupancy caused by installation.

By December 31, 2024, the workgroup must report its findings and recommendations to the Governor and the General Assembly.

Workgroup members may not receive compensation but are entitled to reimbursement for expenses, as specified.

Current Law:

Smoke Alarms Required in Sleeping Areas

An automatic smoke alarm must be provided in each sleeping area within each residential occupancy, including one- and two-family dwellings, lodging or rooming houses, hotels, dormitories, and apartment buildings, as defined in NFPA 101: Life Safety Code as adopted by the State Fire Prevention Commission (SFPC).

Smoke alarms must (1) be installed in accordance with NFPA 72: National Fire Alarm Code as referenced by the State Fire Prevention Code; (2) be listed and labeled by a nationally recognized testing laboratory to comply with specified standards; (3) be suitable for sensing visible or invisible products of combustion; and (4) sound an alarm suitable to warn the occupants.

Local jurisdictions may adopt smoke alarm regulations that are more stringent than those described above.

Each sleeping room occupied by a deaf or hard of hearing individual must be provided with a smoke alarm suitable to alert the deaf or hard of hearing individual. On written request on behalf of a tenant who is deaf or hard of hearing, a sleeping room occupied by a deaf or hard of hearing individual must be provided with an approved notification appliance designed to alert deaf or hard of hearing individuals. The landlord must provide a notification appliance that, when activated, provides a signal that is sufficient to warn the deaf and hard of hearing tenant in those sleeping rooms.

Hotels and motels must have available at least one approved notification appliance for the deaf or hard of hearing individual for each 50 units or fraction of 50 units. Hotels and motels must post in a conspicuous place at the registration desk a permanent sign that states the availability of smoke alarm notification appliances for the deaf or hard of hearing individual. Hotels and motels may require a refundable deposit for notification appliances for the deaf or hard of hearing individual, but the amount of the deposit may not exceed the value of the notification appliance.

A landlord *may* require reimbursement from a tenant for the cost of a smoke alarm required under the provisions relating to sleeping rooms occupied by a deaf or hard of hearing individual.

A person may not knowingly violate these provisions. A person who does so is guilty of a misdemeanor and on conviction is subject to imprisonment for up to 10 days and/or a fine of up to \$1,000.

High-rise Building Safety in Case of Fire – Automatic Sprinkler System Required

“High-rise building” means a building for human occupancy that is four or more stories above grade level, or over 45 feet in height. “High-rise building” does not include a structure or building used exclusively for open air parking, or a building used exclusively for agricultural purposes.

Each high-rise building constructed after July 1, 1974, must be protected by a complete automatic sprinkler system installed in accordance with accepted engineering practices as

approved by the authority with jurisdiction. However, the requirement does not apply to a building that is less than 75 feet in height above grade level if (1) the local fire department has at least one approved first line piece of aerial equipment that is capable of reaching the roof of the building and (2) accessibility to the building is provided on two sides of the perimeter of the building, as specified. Height above grade level must be determined by using the lowest elevation of the public way as a reference datum.

Maryland State Fire Code

The State Fire Marshal within DSP must enforce all laws of the State relating to, among other things, the prevention of fire and the installation and maintenance of all kinds of equipment intended to control, detect, or extinguish fire. The State Fire Marshal must also enforce regulations adopted by SFPC.

SFPC must adopt comprehensive regulations as a State Fire Prevention Code. SFPC has adopted by reference, subject to some exceptions, NFPA 1 Fire Code (2018 Edition), the NFPA 101 Life Safety Code (2018 Edition), and some requirements of the International Building Code as the State Fire Prevention Code. The State Fire Prevention Code has the force and effect of law in the political subdivisions of the State, and enforcement is the responsibility of the State Fire Marshal, a legally designated fire official of a county or municipality of the State, or other persons legally appointed by the State Fire Marshal (as specified under the Public Safety Article).

The 2018 Edition of the NFPA 101 Life Safety Code specifies requirements for means of egress being illuminated with emergency lighting. The 2018 Editions of the NFPA 1 and NFPA 101 Life Safety Code do not require the installation of automatic sprinkler systems in existing high-rise apartment buildings. However, the NFPA 101 2021 Edition includes provisions requiring the installation of automatic sprinkler systems in all existing high-rise apartment buildings by January 1, 2033 (unless the building meets specified egress requirements).

A person may not knowingly violate Title 6 of the Public Safety Article (State Fire Prevention Commission and State Fire Marshal) or a regulation adopted by SFPC. A person who does so is guilty of a misdemeanor and on conviction is subject to imprisonment for up to 10 days and/or a fine of up to \$1,000.

State Fiscal Effect:

Implementation and Enforcement

DSP advises that the State Fire Marshal can enforce the bill's changes with existing resources.

DHCD can identify and publish funding sources that may be available to the owner or governing body of a residential rental high-rise building to help pay for the installation of a complete automatic sprinkler system using existing budgeted resources; the State Fire Marshal and MDEM can coordinate with DHCD using existing budgeted resources.

The application of existing criminal penalty provisions to violations of the bill does not materially affect State finances.

Department of State Police – Workgroup Administrative Expenditures

DSP advises that it cannot staff the workgroup with existing resources. Therefore, general fund expenditures increase by \$35,559 in fiscal 2025, which accounts for a 30-day start-up delay from the June 1, 2024 effective date for the bill’s provisions regarding the workgroup. This estimate reflects the cost of hiring one contractual management associate to staff the workgroup, assist the workgroup with its required duties, and complete the required report. It includes a salary, fringe benefits, one-time start-up costs, and operating expenses.

Contractual Position	1.0
Salary and Fringe Benefits	\$28,573
Operating Expenses	<u>6,986</u>
Total FY 2025 Administrative Expenditures	\$35,559

Any expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources.

This estimate reflects termination of the contractual position in December 2024, consistent with the reporting deadline for the workgroup’s report. Accordingly, there no ongoing costs for DSP.

The estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

University System of Maryland Expenditures

The University System of Maryland (USM) advises that some of its buildings across two campuses need to upgrade their residential rental high-rise buildings to comply with the bill. For example, USM advises that (1) the University of Maryland, College Park may require upgrades to eight of its older university-owned high-rise residential housing facilities to install smoke detectors in its hallways and corridors, with estimated costs of \$1.2 million in fiscal 2025 (to meet the July 31, 2025 deadline) and (2) Frostburg State

University must evaluate its residence hall to confirm compliance, but cannot provide an estimate of those costs at this time.

The Department of Legislative Services (DLS) advises that it cannot independently verify USM's estimates, but DLS acknowledges that costs for USM increase, likely significantly, only in fiscal 2025 to upgrade its buildings consistent with the bill's requirements.

Local Fiscal Effect: Local property tax revenues decrease beginning in fiscal 2025 to the extent the property tax credits authorized by the bill are granted. The amount of the revenue decrease cannot be reliably estimated and depends on the number of eligible properties in each jurisdiction, the assessed value of eligible properties, local property tax rates, and any other criteria required by local governments. Depending on the jurisdiction, the revenue decrease could be significant.

Based on reports from the State Department of Assessments and Taxation, there are 209,223 improved condominium properties with a total assessed value of \$47.3 billion and 2,407 vacant condominium properties with a total assessed value of \$67.7 million (as of July 1, 2023). In addition, there are 10,532 improved apartment properties with a total assessed value of \$50.0 billion and 756 vacant apartment properties with a total assessed value of \$147.9 million.

Additional information on local property tax rates and revenues can be found in the [County Revenue Outlook Report – Fiscal 2024](#) published by DLS.

It is anticipated that local governments can inspect residential rental high-rise buildings and enforce the bill's requirements with existing resources.

The application of existing criminal penalty provisions to violations of the bill does not materially affect local expenditures.

Small Business Effect: Any small business that provides services for the installation of smoke detectors and lighting equipment may experience additional business as a result of the bill. Conversely, any small business that owns a residential rental high-rise building may incur additional costs to procure smoke detection and lighting equipment. Owners of high-rise residential rental buildings may benefit from funds identified by DHCD, the State Fire Marshal, and MDEM to offset the costs of installing complete automatic sprinkler systems. Owners of apartment and condominium buildings may also benefit to the extent they make fire safety improvements to their buildings and receive local property tax credits (to the extent they are established by local governments pursuant to the authority provided by the bill).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 970 and HB 1292 of 2023.

Designated Cross File: HB 823 (Delegate Charkoudian, *et al.*) - Environment and Transportation and Ways and Means.

Information Source(s): Howard and Prince George's counties; Baltimore City; City of Annapolis; Department of Housing and Community Development; Maryland Department of Labor; Maryland Department of Emergency Management; Maryland Municipal League; Department of State Police; State Department of Assessments and Taxation; University System of Maryland; Department of General Services; Department of Public Safety and Correctional Services; Maryland Department of Health; Department of Legislative Services

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