

Department of Legislative Services  
 Maryland General Assembly  
 2025 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1257 (Delegate Vogel, *et al.*)  
 Environment and Transportation

Landlord and Tenant - Residential Leases - Fee Disclosures

This bill (1) prohibits landlords from advertising rental rates of dwelling units without disclosing mandatory fees; (2) requires landlords to provide prospective tenants with specified information about fees; and (3) prohibits the charging of undisclosed mandatory fees. The bill also requires the Department of Housing and Community Development (DHCD) to assist tenants and prospective tenants with understanding the rights afforded under the bill and reporting violations; DHCD is also authorized to impose administrative penalties for violations. A county or municipal corporation may enact local laws consistent with the bill’s provisions. Local laws or ordinances that are comparable in subject matter to the bill supersede the bill’s provisions to the extent the local laws/ordinances are more stringent or provide stronger protection to a tenant or broader applicability.

Fiscal Summary

**State Effect:** General fund expenditures for DHCD increase by \$106,700 in FY 2026. Future years reflect annualization and inflation. General fund revenues *may* increase minimally due to the bill’s penalty provisions beginning in FY 2026 (not reflected below).

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	106,700	128,700	134,300	140,300	146,300
Net Effect	(\$106,700)	(\$128,700)	(\$134,300)	(\$140,300)	(\$146,300)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

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

**Small Business Effect:** Minimal.

## Analysis

### Bill Summary:

#### *Select Definitions*

A “mandatory fee” means a compulsory fee imposed on a tenant as a condition of tenancy.

An “optional fee” means a voluntary fee that a tenant may elect to pay a landlord for benefits or services related to the tenancy, including a fee for parking, storage, or pets.

#### *Fee Disclosure Requirements*

The bill’s requirements for the disclosure of certain fees do not apply to:

- charges imposed on a tenant for the payment of water, sewer, gas, or electric utilities;
- costs, fines, or fees for minor violations of a lease agreement, or other irregular costs incurred as a result of a tenant’s actions, such as a charge for a replacement key or a penalty for a violation of the bylaws of a common ownership community if the dwelling unit is located in a common ownership community; or
- the withholding of any portion of a security deposit at the end of a tenancy in accordance with § 8-203 of the Real Property Article.

In addition, the bill’s provisions only apply to a landlord that offers five or more dwelling units for rent.

A landlord may not advertise, publish, or announce the rental rate of a dwelling unit unless all mandatory fees are included in or stated with the rental rate. This includes a listing or posting on a website that advertises available residential rental properties. If a mandatory fee is due at a time different from the rent, the landlord must separately state the amount of the fee and when it is due.

A landlord must, in writing, provide a prospective tenant with an itemized list clearly identifying all fees that may be imposed on the prospective tenant, and include information on (1) the basis for the fee; (2) the amount of the fee; (3) whether the fee is mandatory or optional; and (4) when the fee is due, as specified. A landlord may not impose a mandatory fee on a tenant that is not disclosed in accordance with these provisions, and a lease provision for which these requirements were not met is unenforceable.

## *Department of Housing and Community Development – Obligations*

DHCD must assist tenants and prospective tenants with understanding and reporting violations of the bill. After an opportunity for a hearing, DHCD may impose the following administrative penalty for each violation:

- first offense – warning;
- second offense – \$500 maximum fine for an individual or \$1,000 maximum fine for an entity; and
- third or subsequent offense – \$1,000 maximum fine for an individual or \$2,000 maximum fine for an entity.

DHCD must adopt regulations to carry out these provisions.

### **Current Law:**

#### *Required Disclosures – Fees*

State statute does not expressly require the disclosure of *all* fees to tenants or prospective tenants when advertising or offering a unit. However, some fees or obligations must be disclosed by landlords either in writing or in a lease agreement. For example, a landlord that uses a ratio utility billing system for one or more utilities must provide certain information to all prospective tenants in writing. A lease provision that requires a tenant to pay the utility charges billed to the tenant under a ratio utility billing system is unenforceable if the landlord fails to provide the necessary information.

#### *Residential Leases Requirements*

Any landlord who offers five or more dwelling units in the State for rent may not rent a unit without using a written lease. The lease must include certain disclosures and notices, including (1) a statement that the premises will be delivered in a livable condition, with reasonable safety, if that is the agreement, or if both parties agree otherwise, a statement of the agreement concerning the condition of the premises; (2) the landlord's and the tenant's specific obligations for heat, gas, electricity, water, and repair of the premises; (3) a receipt for the security deposit, as specified; and (4) a copy of the most current version of the Maryland Tenants' Bill of Rights.

**State Revenues:** General fund revenues may increase minimally from penalties assessed under the bill's provisions. The bill establishes graduated penalties for the number of violations and separate penalties for individuals and entities.

**State Expenditures:** General fund expenditures increase for DHCD by \$106,659 in fiscal 2026, which accounts for the bill’s October 1, 2025 effective date. This estimate reflects the cost of hiring one assistant Attorney General to assist tenants and prospective tenants with understanding the bill’s required disclosures and generally help enforce the bill’s provisions. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$99,290
Operating Expenses	<u>7,369</u>
<b>Total FY 2026 State Expenditures</b>	<b>\$106,659</b>

Future years reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing expenses and the termination of programming costs.

---

### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Municipal League; Office of the Attorney General (Consumer Protection Division); Department of Housing and Community Development; Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2025  
rh/jkb

---

Analysis by: Donovan A. Ham

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510