

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

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410-576-6307

January 28, 2020

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

From: Steven M. Sakamoto-Wengel 
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: Senate Bill 170 – Real Property - Ground Leases – Past Due Ground Rent (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 170 sponsored by Senator West. The bill would prohibit a ground lease holder from bringing an action to collect ground rent from the current leasehold tenant that was due and owing before the current tenant acquired the property if the ground lease was not properly registered at the time the ground rent accrued. Senate Bill 170 is consistent with a long line of cases in Maryland that prohibit someone who is required to be licensed but isn't from using the courts to collect payment for the activity for which the license was required. *See, e.g., Golt v. Phillips*, 308 Md. 1 (1986).

Senate Bill 170 will both provide an incentive for a ground lease holder to comply with the registration requirement established by the General Assembly in Chapter 290 of the 2007 session and ensure that a new tenant will not be held responsible for past due ground rent payments that predated the tenant's acquisition of the property if the ground lease holder was not registered at the time those payments accrued. Accordingly, the Consumer Protection Division requests that the Judicial Proceedings Committee return a favorable report Senate Bill 170.

cc: The Honorable Chris West
Members, Judicial Proceedings Committee

