

February 19, 2021

The Honorable Kumar P. Barve
Environment & Transportation Committee
House Office Building, Room 251,
6 Bladen St., Annapolis, MD, 21401

RE: Opposition to HB 942 (Commercial Leases – Grounds for Termination by Tenant).

Dear Chairman Barve:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding HB 942 Commercial Leases – Grounds for Termination by Tenant. MBIA Opposes the Act in its current version.

This bill would prohibit landlords from charging tenants for electricity except as specifically provided for in their lease. MBIA respectfully opposes this measure. When landlords rent to tenants the costs of their businesses are estimated and can fluctuate depending on a variety of factors including season, economic activity, they type of business and new competition. Because these are estimates of a potential cost, landlords need to retain the ability to recoup that cost from tenants. If they cannot recoup the specific cost, then they must bill potential increases into the rental costs of the lease. Even if rents were not raised, this bill incentivizes landlords to overestimate the electricity cost for each individual tenant so that they can recoup costs during periods of high activity. This would drive up prices for tenants and would reduce the potential pool of renters for commercial real estate ultimately damaging both parties.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee