



Bill Title: House Bill 343, Residential Rental Properties and Mobile Home Parks - Security Deposits - Rate of Interest

Committee: Environment & Transportation

Date: February 8, 2022

Position: Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

House Bill 343 alters the calculation of simple interest on security deposits held by a residential landlord or a mobile home park owner and owed to a residential tenant or mobile home park resident by repealing the requirement that interest be calculated at a rate of 1.5% per year if that percentage exceeds the U.S. Treasury yield curve rate.

Under current law, the housing provider must, within 45 days after the end of the rental period, return to the tenant the security deposit minus any amount which the landlord may rightfully keep. Simple interest of the greater of the US Treasury yield curve rate or 1.5% per year must be paid on security deposits of \$50 or more and must accrue each month from the day the security deposit was given, after the security deposit has been held for 6 months.

Presently, housing providers are unable to obtain 1.5% in an interest-bearing account, yet they are required to return the resident's security deposit plus that interest amount. As a result, a housing provider is returning to the tenant a security deposit in addition to more interest than what was earned in the account. Tying the interest rate to the yield curve rate with no floor is fair to tenant and landlord.

For these reasons, we respectfully request a favorable report on House Bill 343.

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992