



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 92

January 31, 2023

TO: Members of the Environment and Transportation Committee

FROM: Nina Themelis, Interim Director of Mayor's Office of Government Relations

RE: House Bill 92 – Ground Leases - Collection of Rent, Interest, Fees, and Other Expenses -
Registration Requirements

POSITION: Support

Chair Barve, Vice Chair Stein, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill 92.

HB 92 would establish that ground leases or amendments that are not posted on the State Department of Assessments and Taxation's website are not considered registered or amended; prohibiting a ground lease holder from collecting or attempting to collect rent, late fees, interest, collection costs, and other expenses related to a ground lease unless the ground lease is registered with the Department; etc.

This bill would require the ground rent registrations to contain accurate information. Sometimes people or entities don't own the interest they're purporting to register, or they provide erroneous information about the lease or how they got title. HB 92 appears to allow a leasehold tenant to challenge the right of a purported ground rent owner to collect rent if its registration information is incorrect, and then to require SDAT to review the information it is given and unregister the alleged ground rent interest if the information turns out to be incorrect.

There is sometimes a lag between when Baltimore City DHCD's Development Division acquires the leasehold interest to derelict properties and when the agency completes ground rent acquisition, some of which is the result of SDAT redemption delays. As a result, the City frequently is sent bills from people purporting to own the ground rent. By providing a mechanism for the accuracy of ground rent registration information to be challenged, this bill would improve the accuracy of ground rent registration, require ground rent owners to update their records to be sure they still own the interest in question, and occasionally empower leasehold owners to refrain from paying ground rent demands that are not warranted.

The passage of HB 92 would have minimal impact on Baltimore City operations. We do not anticipate a significant fiscal impact but if passed it would be positive, but minimal. The City might save on ground rent bills that we wouldn't have to pay - or even consider paying - if certain ground rents were unregistered.

For these reasons, the BCA respectfully request a **favorable** report on HB 92.