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**HB 1016 - Real Property – Residential Lease – Early Termination by Tenant**  
**Hearing before the House Environment and Transportation Committee,**  
**Feb. 28, 2023 at 1:00PM**

**Position: FAVORABLE WITH AMENDMENTS**

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Public Justice Center (PJC) is a nonprofit public interest law firm that assists over 800 renters each year. We stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing.

HB 1016 is important legislation to limit a tenant’s liability when a tenant must vacate their home during a lease term because of a substantial financial setback such as a job loss or the death of a spouse. The pandemic made clear that a significant financial setback can happen to anyone for reasons beyond their control. Especially for limited income families, such a setback can result in catastrophe without a safety net. HB 1016 strengthens that safety net.

At Public Justice Center we frequently see tenants who must move out of their home because they lost a spouse or lost their job and can no longer afford the rent. When someone has suffered an unexpected, life-changing financial setback, their liability under the remaining term of the lease should not snowball into a massive money judgment that will destroy their credit and financial stability for years to come. HB 1016 provides an important “check” on the tenant’s potential liability to the landlord if the tenant has no choice but to break the lease because of such a financial setback. Importantly, to protect the landlord’s interest from any abuse of process, HB 1016 requires the tenant to provide third-party verification of their qualification for protection, i.e., proof that they lost their job or the death certificate for a spouse. Thus, HB 1016 is a balanced approach that will stop a family’s financial setback from becoming a financial catastrophe, and thus meets a major need for Maryland residents.

Maryland law already provides a limitation on the tenant’s liability when they must break the lease under certain circumstances. Md. Code Real Property § 8-212.2 provides that when a tenant suffers an unexpected medical problem that reduces their mobility or forces them into an

assisted living facility, the tenant's liability is limited to no more than two months' rent without any additional notice from the tenant: "... [I]f a tenant under a residential lease meets the conditions set forth in subsection (c) of this section, the tenant's liability for rent under the lease may not exceed 2 months' rent after the date on which the tenant vacates the leased premises."

HB 1016 should be amended to mirror RP § 8-212.2. Currently, HB 1016 requires the tenant to give a 60-day notice of their intent to terminate the lease, and then, after those 60 days have passed, the tenant must pay up to another two months' rent as a penalty – essentially a period of four months in which the tenant would be required to pay rent even though they've suffered a life changing event and are vacating the property. RP § 8-212.2 strikes the better balance because it limits the tenant's liability to two months without requiring a 60-day notice in addition. Accordingly, Public Justice Center urges the Committee to adopt protections analogous to RP § 8-212.2 that limit the tenant's liability to two months' rent:

Amendment: On page 1, line 18, strike from "with 60 days' written notice to the landlord"

Public Justice Center urges **the Committee to adopt a report of Favorable with Amendment on HB 1016**