

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 250 (Senator Kelley, *et al.*)
Judicial Proceedings

Landlord and Tenant - Prohibited Lease Provisions - Late Fees for Tenants
Receiving Government Benefits

This bill prohibits a landlord, in the case of a residential lease with a tenant who receives a government benefit, from including a penalty for the late payment of rent that is imposed before five business days after the date the government benefit is issued, under specified circumstances.

Fiscal Summary

State Effect: The bill is not anticipated to materially impact State finances or operations.

Local Effect: The bill is not anticipated to materially impact local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Government benefit” means monetary assistance from a State or federal public assistance program, including:

- temporary cash assistance, food stamps, or other assistance received under specified provisions of the Human Services Article;
- Supplemental Security Income;
- Social Security Disability Income;
- unemployment insurance benefits;

- Veterans Administration benefits;
- Social Security benefits; and
- transitional emergency, medical, and housing assistance.

The bill's prohibition applies if the tenant has provided to the landlord (1) written notice that the government benefit was issued to the tenant after the date the rent was due and (2) satisfactory evidence of the date the government benefit was issued.

Current Law/Background: In Maryland, a landlord may not use a lease or form of lease containing any provision that:

- has the tenant authorize any person to confess judgment on a claim arising out of the lease;
- has the tenant agree to waive any right or remedy provided by applicable law;
- imposes a penalty for the late payment of rent in excess of 5% of the rental amount due for the rental period, or for a weekly lease, \$3 per week or \$12 per month, as specified;
- has the tenant waive the right to a jury trial;
- has the tenant agree to a period for the landlord's notice to quit that is shorter than the period required by applicable law;
- authorizes the landlord to take possession of the leased premises or the tenant's personal property unless the lease has been terminated by action of the parties or by operation of law and the personal property has been abandoned by the tenant;
- is against public policy and void; or
- permits a landlord to commence an eviction proceeding or issue a notice to quit as retaliation against a tenant for planning, organizing, or joining a tenant's organization with the purpose of negotiating collectively with the landlord.

In addition, certain automatic renewal provisions must be distinctly set apart from other lease provisions and provide a space for written acknowledgment of the tenant's agreement.

In Prince George's County, if the tenant receives specified public assistance, and the public assistance check has not been *mailed* to the tenant on or before the date the rent is due, the landlord may only charge the late fee beginning six days after the day the public assistance check was actually mailed. A tenant who receives public assistance is responsible for informing his or her landlord, in writing, that the public assistance check was mailed later than the day the rent was due, and providing reasonable, satisfactory evidence to establish this fact.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, HB 580 (Delegate Lafferty – Environment and Transportation) is not identical.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Veterans Affairs; Department of Human Services; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

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nb/kdm

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