

HOUSE BILL 1407

N1, L6

4lr3126

By: **Delegate Holmes**

Introduced and read first time: February 13, 2014

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Local Government – Restrictions on Income Producing Real Property –**
3 **Fiscal Impact Study**

4 FOR the purpose of requiring the governing body of a county or municipal corporation
5 to provide a copy of certain rent–control legislation to and request a certain
6 study from the Governor prior to enacting the legislation; requiring the
7 Governor to designate an appropriate State agency to contract for the study;
8 requiring that a copy of the study be provided to certain persons; providing that
9 this Act does not apply to certain rent–controlled properties; providing for the
10 application of this Act; defining a certain term; and generally relating to the
11 adoption of rent–control legislation by a county or municipal corporation.

12 BY adding to
13 Article – Local Government
14 Section 1–1312
15 Annotated Code of Maryland
16 (2013 Volume)

17 Preamble

18 WHEREAS, The State has an important interest in monitoring actions that
19 may negatively impact its revenues; and

20 WHEREAS, Local rent–control laws cause a loss of State and local property tax
21 revenues and tax burden shifts and can negatively impact income and transfer taxes;
22 and

23 WHEREAS, By suppressing the assessable tax base and new construction, local
24 rent–control laws can alter funding under State aid formulas; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, It is beneficial for the State and local governments to have a clear
2 understanding of the fiscal and economic impact of rent-control laws before they are
3 enacted; now, therefore,

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article – Local Government**

7 **1-1312.**

8 **(A) IN THIS SECTION, “RENT CONTROL” MEANS GOVERNMENT CONTROL**
9 **AND REGULATION OF THE AMOUNT OF RENT CHARGED FOR LEASING PRIVATE**
10 **PROPERTY.**

11 **(B) THIS SECTION DOES NOT APPLY TO RENT CONTROL THAT:**

12 **(1) APPLIES ONLY TO PROPERTY OWNED BY A HOUSING**
13 **AUTHORITY, A COUNTY, A MUNICIPAL CORPORATION, OR THE STATE; OR**

14 **(2) IS A CONDITION OF PARTICIPATION IN A**
15 **GOVERNMENT-SPONSORED AFFORDABLE HOUSING PROGRAM IN WHICH THE**
16 **OWNER OF THE PROPERTY VOLUNTARILY ACCEPTS THE RENT CONTROL IN**
17 **ORDER TO RECEIVE A MATERIAL BENEFIT FROM THE GOVERNMENT.**

18 **(C) BEFORE ENACTING LEGISLATION THAT WOULD IMPOSE RENT**
19 **CONTROL, THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION**
20 **SHALL PROVIDE A COPY OF THE LEGISLATION TO THE GOVERNOR.**

21 **(D) ON RECEIPT OF THE LEGISLATION PROVIDED UNDER SUBSECTION**
22 **(C) OF THIS SECTION, THE GOVERNOR SHALL DESIGNATE AN APPROPRIATE**
23 **STATE AGENCY TO CONTRACT FOR A STUDY TO ANALYZE THE FISCAL AND**
24 **ECONOMIC IMPACTS OF THE LEGISLATION ON THE STATE AND LOCAL**
25 **GOVERNMENTS.**

26 **(E) THE STATE AGENCY THAT CONTRACTS FOR THE STUDY UNDER**
27 **SUBSECTION (D) OF THIS SECTION SHALL PROVIDE A COPY OF THE COMPLETED**
28 **STUDY TO:**

29 **(1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL**
30 **CORPORATION THAT PROPOSED THE LEGISLATION;**

31 **(2) THE CHAIRS OF THE SENATE BUDGET AND TAXATION**
32 **COMMITTEE AND HOUSE WAYS AND MEANS COMMITTEE; AND**

1 **(3) THE DIRECTOR OF THE BUREAU OF REVENUE ESTIMATES.**

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
3 construed to only apply prospectively and may not be applied or interpreted to have
4 any effect on or application to any law enacted before the effective date of this Act.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 June 1, 2014.