

Department of Legislative Services  
Maryland General Assembly  
2022 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 86

(Delegate Stewart)

Environment and Transportation

Judicial Proceedings

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Landlord and Tenant – Residential Leases – Tenant Rights and Protections  
(Tenant Protection Act of 2022)

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This bill makes multiple changes to statute related to tenant rights and protections, including (1) establishing requirements and procedures for landlords that use a ratio utility billing system; (2) requiring a statement of costs, as required under current law if a landlord withholds the return of a security deposit, to include specified documentation; and (3) expanding protections for tenants or legal occupants who are victims of “abuse” as defined in § 4-501 of the Family Law Article. **The bill takes effect June 1, 2022.**

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Any potential minimal impact on local governments that manage or operate rental housing units does not materially affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:**

*Ratio Utility Billing System*

A “ratio utility billing system” is an allocation of one or more of a landlord’s utility charges, collected via a master meter, among the tenants by any method that does not measure actual per tenant usage for the utility. A landlord that uses a ratio utility billing system to bill

tenants for one or more utilities must provide the following information to all prospective tenants in writing:

- a statement that the tenant will be billed by the landlord for allocated utility services and that identifies all utilities at issue;
- a copy of the last two utility bills issued to the landlord;
- a description of the method that will be used to allocate the cost of the utility to the tenant, by utility;
- a statement that any disputes relating to the computation of the tenant's bill are between the tenant and the landlord;
- the average monthly bill for all dwelling units in the residential rental property in the previous calendar year, by utility;
- a statement that the tenant has the right to inspect records retained by the landlord that document a bill for utilities on written request;
- information regarding any additional service charges or administrative fees to be paid by the tenant for the operation of the ratio utility billing system; and
- a citation to the applicable statute.

A lease provision that requires a tenant to pay the utility charges billed to the tenant under a ratio utility billing system is unenforceable if the landlord fails to provide the above information as required. On written request by a tenant, a landlord who uses a ratio utility billing system must allow a tenant to inspect records retained by the landlord that document a bill for utilities.

The bill authorizes a county or municipal corporation to enact related local laws consistent with these provisions; any local law or ordinance comparable in subject matter supersedes the State statutory provisions to the extent that the local law or ordinance is more stringent or provides stronger protection or broader applicability. The above provisions do not apply to residential rental property in a condominium organized under the Maryland Condominium Act or a cooperative project organized under the Maryland Cooperative Housing Corporation Act.

The above provisions have prospective application only and do not have any effect on or application to any lease entered into before the bill's June 1, 2022 effective date.

#### *Statement of Costs for Withheld Security Deposits*

The bill requires a statement of costs incurred by a landlord, as required under specified current law provisions when a security deposit is withheld, to be an *itemized* statement and to also include supporting documentation that identifies the materials or services provided.

A landlord may satisfy the requirement regarding supporting documentation by providing an estimate of the costs to be incurred by the landlord.

If a landlord provides an estimate to support an itemized statement of costs, as authorized above, the landlord must notify the tenant in writing when the repairs have been completed. The notice must also include a copy of the final invoice for any repairs made by the landlord. If the actual costs incurred by the landlord are less than the estimate provided to the tenant, the landlord must return to the tenant the amount of the security deposit withheld by the landlord that is in excess of the actual costs incurred within 30 days after the repairs are completed.

### *Tenant Organization Rights*

A “tenant organization” is an incorporated or unincorporated organization of three or more tenants who reside in an apartment facility – formed for the purpose of improving the living conditions, contractual position, or community experiences of the residents of the apartment facility – that meets specified requirements.

The bill grants tenant organizations the right to assemble in a meeting room within the apartment facility designated for use by tenants for events and community gatherings during reasonable hours and on reasonable notice to the landlord in order to conduct meetings. The landlord may impose reasonable terms and conditions on the use of a meeting room, including requiring an individual who is not a resident to sign a waiver of liability for injuries sustained while on the property. A tenant organization must designate members, as specified, who are authorized to schedule use of a meeting room and provide applicable notice to the landlord. The bill prohibits landlords from charging fees for the use of a meeting room for the first meeting by the organization each month and allows reasonable fees for subsequent use within the same month, as specified.

### *Victims of Abuse and Lease Termination*

The bill expands numerous statutory provisions under current law for victims of domestic violence and sexual assault and establishes that the provisions are applicable to victims of “abuse.” For example, a tenant or legal occupant (who resides on the premises with the knowledge and permission of the landlord) who is a victim of *abuse* may terminate the tenant’s future liability under a residential lease if the tenant provides the landlord with specified notice of an intent to vacate the leased premises.

The bill also establishes that a tenant who vacates a leased premises due to being a victim of abuse is only responsible for rent for the time following the tenant providing notice of an intent to vacate until the tenant vacates the leased premises, *up to* a maximum of 30 days (as opposed to 30 days under current law). The bill requires a tenant to provide specified

notice if the tenant vacates the premises earlier than 30 days after the date the tenant provided written notice of an intent to vacate. On receiving such notice, the landlord must inspect the leased premises and, if the tenant has vacated the leased premises, provide the tenant with a written statement, as specified.

The bill also authorizes a report by a qualified third party to be used as documentation that a tenant or legal occupant is entitled to specified relief due to the individual's status as a victim of abuse. A "qualified third party" is a physician or psychologist authorized to practice under applicable State law, a social worker or caseworker of any public or private health or social services agency or provider, or an advocate from a domestic violence or sexual assault prevention or assistance program. A report from a qualified third party must meet specified criteria.

The bill prohibits a landlord from disclosing any information provided by a tenant under the statutory provisions regarding victims of abuse to a third party unless the tenant consents in writing to the disclosure or the disclosure is required by law or a court order.

## **Current Law:**

### *Utility Billing Systems*

Section 7-303 of the Public Utilities Article addresses the "submetering" of apartment and commercial buildings for electricity or natural gas. "Submetering" is the installation of equipment to determine the actual use of electricity or gas per residential unit or commercial rental unit. Based on the authority included in statute, the Public Service Commission (PSC) authorizes, by regulation, an owner, operator, or manager of an apartment house (including a condominium), office building, or shopping center with a master meter to install submeters for determining the actual use of electricity or gas per unit.

Approval from PSC is also required before an energy allocation system (a method of determining the approximate energy use consumed within a dwelling unit through the use of a measuring device) may be used by the owner, operator, or manager of an apartment house to determine the amount of gas or electricity used by an individual dwelling unit. PSC may approve an energy allocation system upon a demonstration by the owner that the system results in a reasonable determination of the cost of the energy use within a dwelling unit. The owner, operator, or manager may not use the energy allocation system to bill energy costs to tenants of an individual dwelling unit without PSC approval.

## *Protections for Victims of Domestic Violence and Sexual Assault*

Under Title 4, Subtitle 5 of the Family Law Article, “abuse” means:

- an act that causes serious bodily harm;
- an act that places a person eligible for relief in fear of imminent serious bodily harm;
- assault in any degree;
- rape or sexual offense, as specified;
- attempted rape or sexual offense in any degree;
- false imprisonment;
- stalking under § 3-802 of the Criminal Law Article; or
- revenge porn under § 3-809 of the Criminal Law Article.

Under applicable provisions in the Real Property Article, a “victim of domestic violence” is defined as a person who is a victim of domestic abuse (as defined above) *and* who is a person eligible for relief under provisions of the Family Law Article governing the issuance of protective orders (which include specified relationship requirements between the victim and respondent/abuser). A “victim of sexual assault” means a person who is a victim of a sexual crime, child sexual abuse, or sexual abuse of a vulnerable adult under the Criminal Law Article.

A tenant or legal occupant (who resides on the premises with the knowledge and permission of the landlord) who is a victim of domestic violence or a victim of sexual assault may terminate the tenant’s future liability under a residential lease within 30 days of providing the landlord with (1) written notice by first-class mail or hand delivery of an intent to vacate the premises and (2) notice of the individual’s status as a victim of domestic violence or sexual assault. The notice requirement is satisfied by providing a copy of a protective or peace order issued for the benefit of the tenant or legal occupant. A vacating tenant is responsible for the rent for the 30-day period following the date that the notice of intent to vacate was provided to the landlord.

A tenant is deemed to have raised a rebuttable presumption that an alleged breach of lease does not warrant an eviction if the tenant provides the court with a copy of the peace or protective order. If the tenant does not provide a copy of the peace or protective order, the court, in its discretion, may enter a judgment in favor of the tenant.

A residential tenant who is a victim of domestic violence or sexual assault may request that the landlord change locks of the leased premises if the protective order or peace order issued for the benefit of the tenant or legal occupant requires the respondent to refrain from entering or to vacate the residence of the tenant or legal occupant. The landlord must change the locks by the close of the next business day upon receiving a written request to

change the locks. In the event the landlord does not change the locks within that time period, the tenant may have the locks changed by a certified locksmith and must give a duplicate key to the landlord by the close of the next business day. If the landlord changes the locks, he or she may charge a fee that does not exceed the reasonable cost of changing the locks. The landlord is authorized to withhold the fee from the tenant's security deposit or charge the fee as additional rent if the tenant fails to pay the fee, as specified.

**Small Business Effect:** Landlords that qualify as small businesses may be impacted to the extent that additional individuals are authorized to terminate a lease and not be responsible for future liabilities.

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### **Additional Information**

**Prior Introductions:** HB 50 of 2021, a similar bill, passed the House as amended and received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken. Its cross file, SB 967, remained in the Senate Rules Committee. HB 744 of 2020, as amended, passed the House and was referred to the Senate Judicial Proceedings Committee, but no further action was taken.

**Designated Cross File:** SB 6 (Senator Waldstreicher) - Judicial Proceedings.

**Information Source(s):** Baltimore City; Caroline, Howard, Montgomery, and Prince George's counties; Office of the Attorney General (Consumer Protection Division); Secretary of State; Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - January 14, 2022  
js/jkb Third Reader - March 28, 2022  
Revised - Amendment(s) - March 28, 2022

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