

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 273

(Delegate Allen)

Environment and Transportation

Judicial Proceedings

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Residential Leases - Late Payment Penalties - Calculation

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This bill prohibits a landlord (for residential leases) from charging a penalty for the late payment of rent that exceeds 5% of the amount of *unpaid* rent due for the rental period for which the payment was delinquent.

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Fiscal Summary

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

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

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Analysis

**Current Law:** Landlords are prohibited from using a lease that provides for (1) a penalty for the late payment of rent in excess of *5% of the amount of rent* due for the rental period for which the payment was delinquent or (2) in the case of leases under which the rent is paid in weekly rental installments, a late penalty of more than \$3 per week or a total of no more than \$12 per month. (The bill specifies that the 5% maximum is based on the amount of *unpaid* rent.)

**Small Business Effect:** Any small business landlords and property management companies that assess late payments based on more than the *unpaid* portion of rent are prohibited from continuing that practice.

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## Additional Information

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 853 of 2024.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2025  
km/jkb Third Reader - February 18, 2025

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