

# **Sydnor\_SB 194 Testimony Fav.pdf**

Uploaded by: Charles E. Sydnor III

Position: FAV

CHARLES E. SYDNOR III, ESQ.  
*Legislative District 44*  
Baltimore County



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Judicial Proceedings Committee

Executive Nominations Committee

*Joint Committees*

Administrative, Executive, and  
Legislative Review

Children, Youth, and Families

*Senate Chair*  
Legislative Ethics

*Chair*

Baltimore County Senate Delegation

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony Regarding SB 194**  
**Ground Leases – Notices and Billing – Forms and Requirements**  
**Before the Judicial Proceedings Committee**  
**February 9, 2023**

Good afternoon Chairman Smith, members of the Judicial Proceedings Committee,

Senate Bill 194 updates the code to expand the mission of the Department of Assessments and Taxation (“SDAT”) so that it can fully address consumer protections for homeowners. SB 194 would shift SDAT’s Ground Rent Department’s mission from being a neutral record keeper to actively assisting homeowners with redeeming their ground rent.

Senate Bill 194 ensures that ground rent bills are mailed to the same address where a property’s tax bill is mailed; and requires that ground leaseholders use the sample notices that are on SDAT’s website. SDAT notes that there are many unregistered and therefore unenforceable ground rents. When a ground rent becomes registered or has been delinquent, SB 194 ensures that only three years of ground rent can be held in escrow.

Senate Bill 194 provides significant changes that will add consumer protections for homeowners who have residential ground rents. For these reasons, I ask you to vote favorably in support of SB 194.

**SB0194.docx (1).pdf**

Uploaded by: Director Michael Higgs

Position: FAV

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Governor

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**HEARING DATE:** February 9, 2023

**BILL:** SB0194

**TITLE:** Ground Leases – Notices and Billing – Forms and Requirements

**SDAT POSITION:** SUPPORT

SB0194 codifies the intent of the General Assembly that *it is in the public interest for ground rents to be redeemed*. This bill would shift SDAT's Ground Rent Departments' mission from being a neutral record keeper to actively assisting homeowners with redeeming their ground rent.

Ground rent bills are private transactions between the ground lease-holder and the ground lease-tenant. HB0118 makes several changes to the Ground Rent billing system.

First, this bill ensures that Ground Rent bills are mailed to the same address where a property's tax bills are mailed.

Second, this bill requires that ground lease-holders use the sample notices that are on the Department's web page.

Further, there are many unregistered and, therefore, unenforceable ground rents. When a ground rent becomes registered or has been delinquent, only three years of outstanding ground rent can be collected. This bill ensures that only three years of ground rent can be held in escrow.

These important changes will add consumer protections for homeowners who have residential ground rents.

**For these reasons, SDAT urges a favorable vote on SB0194.**

**SB 194\_Consumer Protection Division\_Fav\_2023.pdf**

Uploaded by: Kira Wilpone-Welborn

Position: FAV

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February 8, 2023

To: The Honorable William C. Smith  
Chair, Judicial Proceedings Committee

From: Kira Wilpone-Welborn, Assistant Attorney General  
Consumer Protection Division

Re: Senate Bill 194 – Ground Leases – Notices and Billing – Forms and Requirements  
(SUPPORT)

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The Consumer Protection Division of the Office of the Attorney General (the "Division") supports Senate Bill 194 sponsored by Senators Sydnor and Hayes as it provides important procedural protections for ground rent tenants prior to the initiation of a possession action. Specifically, Senate Bill 194 requires the State Department of Assessment and Taxation to create a uniform notice of delinquency that ground rent holders are required to send tenants at their last known address and the premise address no less than 60 and 30 days prior to pursuing an action for possession of the premises. Moreover, ground rent holders may not require ground rent tenants to reimburse them the cost of these delinquency notices and mailings. Finally, Senate Bill 194 prohibits unregistered ground rent holders from requiring ground rent tenants to maintain more than three (3) years of ground rents in escrow, which is the maximum amount of unregistered and unpaid ground rents ground rent holders are permitted to collect.

The procedural protections provided by Senate Bill 194 ensure that ground rent tenants are provided the opportunity to pay and cure any alleged ground rent delinquency prior to the harsh penalty of the repossession of the premises. As such, Senate Bill 194 provides a fair balancing of ground rent tenants' possession of the premises while ensuring ground rent holders are permitted to collect owed ground rents.

The Division requests that the Judicial Proceedings Committee give Senate Bill 194 a favorable report.

cc: The Honorable Charles E. Sydnor, III  
The Honorable Antonio Hayes  
Members, Judicial Proceedings Committee

**SB 194\_ realtors\_fav.pdf**

Uploaded by: William Castelli

Position: FAV



## **Senate Bill 194 – Ground Leases – Notices and Billing -Forms and Requirements**

### **Position: Support**

The Maryland REALTORS® is one of the largest trade associations in Maryland with over 30,000 real estate licensees. The REALTORS® support SB 194 which clarifies ground rent law regarding the holding of escrows, notice of ground rent billing and transfers and that State Department of Assessments and Taxation (SDAT) goal is to help property owners redeem ground rents.

Currently Maryland law requires ground rent holders to register their ground rent and notify a leasehold tenant of their identify and how to pay the ground rent. Current Maryland law also limits the liability of a leasehold tenant to no more than 3 years' worth of past due ground rent payments. As a result, when a ground rent is unregistered a leasehold tenant is sometimes required to escrow three years' worth of ground rent payment to satisfy a ground rent owner who wants to be reimbursed for missed payments.

SB 194 would ensure that a leasehold tenant may not be required to escrow more than 3 years' worth of ground rent for the unregistered ground lease. The bill also clarifies the type of notice that is required when a ground rent holder sends a bill or a transfer notice to the leasehold tenant ensuring that if the leasehold tenant is not at the property address of the ground rent, the leasehold tenant will still receive the bill or notice of sale. Finally, the bill sets out a state policy for SDAT encouraging the redemption of ground rents to merge the ownership of the underlying property with the property interest of the leasehold tenant.

The REALTORS® recommend a favorable report.

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