



2023 Maryland End of Legislative Session Report

The 2023 Legislative Session in Annapolis has ended and the CAI MD-LAC screened more than 3,000 bills introduced and tracked 87 that were of interest to the Community Association community. Here is a summary of the bills that the CAI MD-LAC prioritized during the legislative session:

HB 80, Real Property - Regulation of Common Ownership Community Managers. MD-LAC vehemently opposed this legislation that would require the state of Maryland to establish a Common Interest Community Association Board to regulate community association manager state licenses. In addition, the legislation would have had a tremendous financial impact on licenses, costing taxpayers more than \$100,000 over the course of the year. The MD-LAC utilized the grassroots network of advocates in the state to send nearly 150 messages to the Committee on Environment and Transportation to oppose this legislation and members of the MD-LAC attended the hearing to successfully voice their opposition.

Status: FAILED SUCCESSFULLY

HB98/SB403, Condominiums - Mandatory Insurance Coverage – Alterations. This bill, sponsored by Del. Steven J. Arentz (R) and Sen. Stephen S. Hershey (R) sought to carve out an insurance exception for detached homes that fall under the condominium classification because of building requirements when the developer has built for density; in such cases, single family and/or detached homes that are built close together require the creation of a condominium. While multi-family, attached units with either horizontal or vertical boundaries will remain subject to §11-114 (a) (1), which requires property insurance on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer, the owners of detached units built as condominiums will now insure their own units, absolving the Association of the responsibility of insuring those homes under an Association's Master Policy. Maryland LAC supported this bill, largely because a detached home has no common elements, though we added within our supporting testimony a recommended amendment to require owners of detached homes to carry their own insurance. While current law does not require an owner of a condominium unit to carry a condominium unit owners' policy (law only allows for approval of a reduced majority of 51% if an association wishes to require its members to carry such coverage), the new law includes a requirement for owners of detached condominium units to carry a homeowners insurance policy on the entirety of the unit.

Status: PASSED

HB1292/SB970, Fire Protection and Prevention – Sprinkler Systems and Smoke Alarms – Requirements (Melanie Diaz Sprinklers Save Lives Act). This bill was introduced on February 28, 2023, 10 days after a fire at the Arrive Apartments in Silver Spring, MD, took the life of resident, Melanie Diaz. An older building, the Arrive is not sprinklered, and there were no working smoke detectors within the building's corridors at the time of the fire. House sponsors of the bill (Del. Lorig Charkoudian (D), Del. Marvin E. Holmes, Jr. (D), Del. David Moon (D), Del. Emily Shetty (D), Del. Jared Solomon (D), and Del. Jheanelle K. Wilkins (D), did not seek to accelerate existing law requiring all buildings to be sprinklered by January 01, 2033; rather, the bill sought to require smoke detectors in public corridors, fire extinguishers in all units, and visible notice for current and prospective residents (including within a lease) that a building does not have sprinklers. While the bill was cross-filed (Sen. William C. Smith, Jr., sponsor), as it moved through the Senate the smoke alarm and fire extinguisher portions of the bill were removed. The bill stalled in committee failing to move forward in the 2023

Given the potential for numerous common interest groups that we believed would weigh in on the bill, MD-LAC voted to monitor this bill rather than take a position. We anticipate the bill being reintroduced in the 2024 legislative session.

Status: SUCCESSFULLY FAILED

HB144, Real Estate Brokers- Inactive Licenses – Requirements After Expiration. Requiring a person whose license is on inactive status and fails to reactivate the license before the license expires, to comply with the specific requirements to obtain a license. This generally relates to real estate broker licensing. MD LAC opted to monitor this bill.

Status: PASSED

HB505/SB198, Elevator Safety – Privately Owned Single-Family Residential Elevators – Inspections and Registration Requirements. While multi-family and commercial buildings have long-established elevator inspection and registration requirements, single family dwellings have largely relied on owner-requested inspections and maintenance. Beginning October 01, 2023, elevators installed in single family homes on or after that date will also be subject to the same requirements. The bill, in part, was the result of years of concerns following injuries and deaths, particularly of children, from home elevators that were used improperly, functioned improperly, or were missing additional parts that would have prevented the injuries. The new law will provide that DLLR (Department of Labor) will conduct the final inspection test to ensure that the elevator is safe when running properly, but also safe when it is not. Because CAI has little jurisdiction over single family homes (our concerns are the common areas of the associations that may include among other dwelling types, single family homes), MD LAC opted to monitor this bill.

Status: PASSED

HB 830/SB477, Residential Construction of Significant Renovation – Electric Vehicle Charging.

The law will establish and alter certain requirements related to the installation of equipment for electric vehicle charging stations (EV) during the construction or significant renovation of multi-housing residential buildings and clarifies that a county or municipal corporation may require a greater number of electric vehicle parking spaces under certain circumstances. The law enacts the Maryland Energy Administration to conduct a study on costs, ratio of EV stations to number of parking spaces, options for a user to pay at the stations, and options for HOAs and condominium associations to incorporate charges into the assessments. The Maryland Energy Administration is required to support its findings and recommendations to the Governor by December 1, 2023.

Status: PASSED

SB382 - Accessory Dwelling Unit Promotion and Policy Task Force. This bill creates a task force for the purpose of examining regulations for Accessory Dwelling Units (“ADUs”). The task force includes 8 members, one of whom will be from the community association industry. This issue is also being addressed in some of the counties. CAI National has developed a Policy Paper with respect to ADUs which both acknowledges the affordable housing shortage crisis but points out some of the conflicts that are likely to occur. An excerpt from that Policy Paper is below along with their Policy Recommendation:

Community association leaders experience practical issues when ADUs are added to existing common interest developments that have rules created to preserve the intended purpose and design characteristics of the community. Under certain circumstances, ADUs may create unintended adverse consequences in a community including, but not limited to, parking issues, alteration of intended design, overcrowding of residents and structures, overtaxing common area facilities and amenities, and increasing traffic congestion, all without a mechanism to reallocate assessment contributions to account for changes that would create an associated burden upon the community.

Policy Recommendation

CAI supports legislation that recognizes the community association housing model's core principles of self-governance and co-ownership of common property. CAI encourages policymakers to engage industry stakeholders such as community association homeowners, board members, community managers, and business partners on this issue. CAI believes crafting legislation and regulation should always take place in an open and transparent manner, providing the opportunity for comment by all interested parties.

Status: PASSED

HB209/SB58, Corporations and Associations – Revisions. This bill introduced by Delegate Watson was to alter certain provisions governing the issuance of stock, convertible securities, and scrip; clarifying the authority of corporations to hold annual meetings by remote communication; clarifying the application of certain provisions of law to the conversion of a corporation; requiring a real estate investment trust that voluntarily dissolves to file a notice of termination with the State Department of Assessments and Taxation; authorizing the charter or bylaws of a nonstock corporation to provide for the service of certain ex officio directors; providing for the application of certain provisions of law regarding voting rights to statutory trusts; and generally relating to corporations and associations. . MD LAC opted to monitor this bill.

Status: PASSED

HB639 - Restrictions on Use - Solar Collector Systems – Alteration. This bill sought to amend existing law to establish a specific standard of “reasonableness” for restrictions on solar collector systems. Maryland law currently only provides that a limitation on solar collector systems shall be unreasonable if it “significantly” increases the cost of the solar collector system or “significantly” decreases the efficiency of the solar collector system. However, the applicable statute does not define “significant.” By incorporating specific percentages (like the solar panel statute in Virginia and other states), both the homeowner and the community association could look to a specific standard when determining if a cost increase or reduction in efficiency is “significant.” This would allow for the reviewing entity (Board, Architectural Review Committee) to utilize an objective standard when reviewing applications for solar collector systems. In addition, the bill sought to further define a community association’s authority to both install and restrict solar panels on the common areas of the community. Although the bill passed the house, it was not voted on in the Senate. It was recommended by the lobbyists that the bill be raised again next year because it has already passed the House.

Status: FAILED

SB106/HB42 Courts - Judgments - Exemptions From Execution. This bill exempts the first \$500 in a debtor’s bank account from garnishment. This exemption occurs without any action needed by the debtor. This bill also contains instructions for banks and other similar depositories for responding to garnishments. Unfortunately, because less money is available for garnishment, this bill, once it becomes law, will make collections a little harder for common interest communities.

Status: PASSED

SB277 Real Property – Sheriff’s Sales – Procedures, and Subordinate Interests. This bill confirms that a successful sheriff’s sale extinguishes lien subordinate to the lien that was the subject of the sheriff’s sale. An earlier version of this bill required judgment creditors, like HOAs and condominium associations, to send notice of a sheriff’s sale and file an affidavit attesting that such notice was sent; this requirement was dropped after opposition. This bill, once it becomes law, may motivate holders of junior liens to submit payment to cancel an association’s sheriff’s sale.

Status: PASSED

HB132/SB23, Heating, Ventilation, Air-Conditioning, and Refrigeration Services-Journeyman License-Qualifications. This bill alters certain qualifications for a journeyman license to provide heating, ventilation, air-conditioning and refrigeration services. The apprentice is required to hold an apprentice license for 4 rather than 3 years and have completed 6,000 rather than 1,875 hours of training under the direction and control of a licensed contractor.

Status: PASSED

SB194/HB118 Ground Leases – Notices and Billing – Forms and Requirements. Prohibiting a leasehold tenant of an unregistered ground lease from being required to hold more than 3 years of ground rent in escrow. Requiring a ground lease holder to mail notices or bills to a leasehold tenant at the last known mailing address and premise listed in the record and lease holder may not require a leasehold tenant to reimburse the ground holder for cost incurred in providing notice. The State Department of Assessments and Taxation is to develop and make available on its website certain forms and notices.

Status: PASSED

HB 423 - Task Force on Common Ownership Communities. HB 423 proposed a task force comprised of 35 members selected from a variety of state agencies and COC boards, along with a community manager, and several professionals with COC expertise. The purpose of the task force was to provide input and recommendations on a variety of COC concerns, including education, board conduct, financial stability, and rule enforcement. CAI expressed concern that the task force as proposed was too large, too unfocused, and did not include a sufficient percentage of professionals and managers with industry-specific knowledge. MD LAC opposed this bill.

Status: SUCCESSFULLY FAILED

HB151 - Residential Leases - Notification of Rent Increases. This bill was proposed as requiring an email notice of 120 day of any rent increase in excess of 4%. The CAI MD-LAC took a position on this bill because our cooperative housing corporations are seen as landlords as are our condominiums and homeowners' associations when they take a property through foreclosure. Our position was to support the bill with amendment. We objected to the 120-day notice requirement, stating that we would support the bill if amended to require a 60-day notice. The final version of the bill reduced the notice requirement to 90 days, but also required the notice on ALL rent increases; not just those over 4%. The final version also revised the email notice to first class mail, unless the tenant opts to receive notice by email or delivery to a tenant portal and prohibits leases from requiring that the tenant accept email notifications. Will go into effect October 1, 2023. MD LAC opted to support this bill with amendments.

Status: PASSED

HB 844 Housing and Community Development – Common Ownership Community Website. The bill mandates that HCD establish and annually maintain a website that provides information on the current and newly legislated rights and responsibilities of individuals living in Common Ownership Communities. The LAC opposed the website. We feared that the information could be misinterpreted as legal advice that fails to take into consideration local laws and the declarations, by-laws or rules and regulations of each Communities Association. It could create more conflicts than resolve.

Status: PASSED

HB 534 – Cooperative Housing Corporations, Condominiums, and Homeowners Associations – Funding of Reserve Accounts. In response to concerns raised by community association managers and Board members in the wake of the General Assembly's passage of the statewide reserve funding mandate in 2021, Delegate Holmes sponsored legislation during this past session to address those concerns. If adopted, HB 534 would have

extended from 3 years to 5 years the time within which a community association would be permitted to ramp-up to full funding of the amounts recommended in its initial reserve study. In addition, HB 534 would have imposed a requirement to deposit those amounts into the reserve account by the end of the fiscal year, whereas the previously adopted legislation required only that the recommended reserve contribution appear in the annual budget. Finally, the proposed legislation would have mandated that the Board review its reserve study annually to verify compliance with its recommendations. The Maryland LAC supported HB 534 as one of its initiatives, but, unfortunately, it failed to pass.

Status: FAILED

HB 90 - Local Government - Regulatory Powers - Regulation of Invasive Bamboo. Authorizing the governing bodies of counties and municipalities to adopt ordinances to regulate invasive bamboo, including by prohibiting a person from selling, planting, and allowing invasive bamboo to grow on the property of the person without proper upkeep and appropriate containment measures. Enforcement of the statute may be carried out by the governing bodies of counties and municipalities by requiring any damages caused by the bamboo to be mitigated or by imposing a civil fine.

Status: PASSED

HB182/SB335 – Real Property - Unlawfully Restrictive Covenants - Modification by Counties or Municipalities. Authorizing a county or municipality to execute and record a restrictive covenant modification to an unlawfully restrictive covenant for a property within the boundaries of the county or municipality after providing persons with an ownership interest in the property with 30 days' written notice; and providing that persons with an ownership interest in property that is subject to an unlawfully restrictive covenant may decline action by a county or municipality to execute and record a restrictive covenant modification. MD LAC opted to monitor.

Status: PASSED

Your Assistance is Needed

The MD-LAC uses a professional, paid lobbyist as a vital and integral part of the legislative process. As volunteers, MD-LAC members significantly rely on this highly effective professional representation.

Expenses incurred by the LAC are paid for with donations and by Advocacy Fund fees. Corporate contributions are allowed and appreciated. Most community association boards can legally allocate money to support the MD-LAC. **We welcome any donations.** Donations should be made payable to CAI Maryland LAC and mailed to:

**Maryland Legislative Action Committee
Post Office Box 6636
Annapolis, Maryland 21401**

We need YOUR voice! [Sign up today](#) to become a CAI Advocacy Ambassador and help shape legislation in your state!