

House Bill No. 112—Redemption of Ground Rents

AN ACT to repeal and re-enact, with amendments, Section 104 of Article 21 of the Annotated Code of Maryland (1966 Replacement Volume) title "Conveyancing," subtitle "Miscellaneous," providing that leases made for more than fifteen years shall be redeemable at any time after expiration of three years from the date of such leases.

May 26, 1970.

Honorable Thomas Hunter Lowe
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

In accordance with Article II, Section 17, of the Maryland Constitution, I have today vetoed House Bill 112.

The provisions of House Bill 112 change the time for redemption of ground rents from five years to three years from the date of their creation. I think that the purpose of this bill is extremely commendable. Unfortunately, certain legal technicalities have arisen which make the signature of this bill impossible.

House Bill 112 amends Article 21, Section 104, which is the general ground rent redemption statute. However, the long-standing exemption to the ground rent redemption statute involves commercial leases in excess of 15 years. This exception is found in Article 21, Section 108, of the Maryland Code which is as follows:

108.

The provisions of Chapter 485 of the Acts of 1884 of the General Assembly of Maryland, and the provisions of Chapter 395 of the Acts of 1888 of the General Assembly of Maryland, and the provisions of Chapter 207 of the Acts of 1900 of the General Assembly of Maryland, were not intended to apply and do not apply to leases or subleases of property leased exclusively for business, commercial manufacturing, mercantile or industrial purposes, as distinguished from residence purposes, where the term of such lease or subleases, including all renewals provided for therein, shall not exceed ninety-nine years, provided that a lease of property improved or to be improved by apartments or other buildings for multiple-family use of one lot or parcel constitutes a business and not a residential purpose. The term "multiple-family use," for purposes of this section, shall not apply to duplexes or single-family structures converted to multiple-dwelling units.

The Acts of 1884, 1888 and 1900, which are referred to in Section 108 of Article 21, are presently codified as Section 104 of Article 21. Therefore, by repealing and re-enacting Section 104 of Article 21, without placing an appropriate provision in Section 108 of Article 21 which would exempt commercial leases from the provisions of House Bill 112, a situation may be created which could possibly make commercial leases executed after July 1, 1970, subject to redemption after three years at a 6% capitalization. This situation could have serious effects and work great hardships on both landlords and tenants in the commercial community.