

House Bill 723, which was passed by the General Assembly and signed by me on May 11, 2004, accomplishes the same purpose. Therefore, it is not necessary for me to sign Senate Bill 372.

Very truly yours,  
Robert L. Ehrlich, Jr.  
Governor

**Senate Bill No. 372**

AN ACT concerning

**Real Property – Residential Leases – ~~Interest on Security Deposits~~ – Interest Rates**

FOR the purpose of altering the annual interest rate of interest paid on a security deposit ~~that a landlord is required to pay to a tenant within a certain amount of time after the end of a tenancy by requiring the landlord to pay to the tenant simple interest that has accrued in the amount of the Federal Reserve Discount Rate as of a certain date; making a stylistic change~~ under a residential lease within a certain number of days after the end of a tenancy; altering the annual interest rate paid on a security deposit under a residential lease prior to the termination of a tenancy under certain circumstances; and generally relating to interest rates paid on security deposits ~~on~~ under residential leases.

BY repealing and reenacting, with amendments,

Article – Real Property

Section 8-203(e) and (h)

Annotated Code of Maryland

(2003 Replacement Volume and 2003 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article – Real Property**

8-203.

(e) (1) Within 45 days after the end of the tenancy, the landlord shall return the security deposit to the tenant together with simple interest which has accrued in the amount of ~~[4 3 percent per annum] THE FEDERAL RESERVE DISCOUNT RATE AS OF JANUARY 1 OF EACH YEAR OF THE TENANCY~~, less any damages rightfully withheld.

(2) Interest shall accrue at ~~[six-month] 6-MONTH~~ intervals from the day the tenant gives the landlord the security deposit. Interest is not compounded.

(3) Interest shall be payable only on security deposits of \$50 or more.