

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 543  
Economic Matters

(Delegate Guyton, *et al.*)

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**Real Property - Landlord and Tenant - Family Child Care Homes**

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This bill prohibits, with specified exceptions, certain actions by a landlord of a single-family dwelling that prohibit a tenant or prospective tenant from operating a family child care home on the leased premises. The bill includes related provisions, including notice requirements for tenants and authorization for a landlord to impose an increased security deposit (equivalent to up to two months' rent) on a tenant that operates or plans to operate a family child care home on the leased premises. The bill's provisions (1) do not limit or preempt the local zoning authority of a county or municipality and (2) apply only prospectively, without application to (or any effect on) any lease entered into before the bill's effective date.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** The bill's provisions are generally applicable only to the lease of a single-family dwelling to a tenant or prospective tenant for use of the leased premises as a family child care home. The bill requires a tenant to notify a landlord in writing at least 60 days prior to operating a family child care home on the leased premises. A landlord is not liable for any act or omission of a tenant relating to the operation of a family child care

home. Prior to commencing the operation of a family child care home, a tenant must provide the landlord with:

- the tenant's registration to operate a family child care home issued under Title 9.5, Subtitle 3 of the Education Article; and
- a certificate of insurance naming the landlord and each entity with a direct or indirect ownership or membership interest in the property as additional insureds on policies relating to the operation of the family child care home.

A landlord may require a tenant to purchase a liability insurance policy with coverage limits of up to \$1.0 million in connection with the tenant's operation of a family child care home. If there is a lapse in coverage on a policy, the tenant must cease operation of the family child care home for the duration of the lapse.

If the tenant ceases operation of the family child care home, the tenant must notify the landlord immediately.

A landlord of a single-family dwelling may not prohibit a tenant or prospective tenant from operating a family child care home on the leased premises by (1) refusing to offer the premises for lease, negotiate the lease of the premises, or lease the premises; (2) imposing unreasonable limitations or conditions on the use of the leased premises as a family child care home; or (3) otherwise acting in bad faith to prevent the use of the leased premises as a family child care home. These provisions do not apply to:

- the lease of an owner-occupied single-family dwelling; or
- prohibitions against or restrictions on family child care homes imposed by age-related restrictions of a homeowners association, or the governing documents or bylaws of a condominium or cooperative housing corporation.

**Current Law:** Statute does not generally prohibit a landlord from restricting the operation of a family child care home on the leased premises.

Generally, a landlord may not impose a security deposit in excess of the equivalent of one month's rent per dwelling unit, regardless of the number of tenants. However, a landlord may impose a security deposit in an amount equivalent to up to two months' rent under specified circumstances related to the provision of utility services and the qualification of a tenant for utility assistance through the Department of Human Services.

A family child care home may generally not operate in the State unless it is registered with the Maryland State Department of Education. A family child care home is a residence in which family child care is provided for up to eight children.

**Small Business Effect:** The bill may increase opportunities for the operation of family child care homes on leased premises.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 911 of 2025.

**Designated Cross File:** None.

**Information Source(s):** Maryland Municipal League; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland State Department of Education; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2026  
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