

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 130

(Senator Henson)

Education, Energy, and the Environment

Environment and Transportation

Environment - Water - Individual Submeters

This bill authorizes owners (as well as operators, managers, or contractors hired by owners, operators, or managers) to install individual water submeters for apartments, dwelling units, and mobile homes. An owner (or agent) that uses the installed submeters to provide bulk water service is prohibited from imposing any water or sewerage cost on a unit other than the actual charges imposed by the water service provider. Among other provisions, the bill also (1) requires an owner (or agent) to maintain certain records; (2) establishes a methodology to bill occupants if a submeter does not provide adequate or accurate data; and (3) requires a landlord to satisfy certain conditions prior to requiring a tenant to make payments to a third party for water or sewer services.

Fiscal Summary

State Effect: The bill’s requirements can be handled with existing budgeted resources. Revenues are not materially affected.

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

Small Business Effect: Minimal.

Analysis

Bill Summary:

Definitions

“Apartment house” means one or more buildings that each contain more than two dwelling units and in which all the dwelling units are occupied primarily for nontransient use with

rent paid at intervals of one week or longer. This includes a residential condominium or cooperative, whether the units are rented or owner occupied.

“Individual submeter” means equipment used to determine the actual use of water for each residential unit in an apartment house or a mobile home park.

“Adequate records” includes:

- a copy of all charges that the water service provider imposed on the owner, operator, or manager of an apartment house or mobile home park in the preceding two years;
- the total utility cost imposed on all units in the facility each month for the current calendar year and previous calendar year;
- the total revenue collected from occupants to pay the charges imposed on the owner, operator, or manager by the water service provider each month for the current calendar year and previous calendar year;
- an explanation of the formula used to allocate the cost of each unit’s water consumption; and
- any other information necessary for a tenant to verify a water utility bill.

Water Submeter Installation, Billing, and Administrative Fees

The bill authorizes local housing authorities to install individual submeters for apartment houses or dwelling units, provided they have approval from the Department of Housing and Community Development (DHCD) and the Board of Public Works (or equivalent local authority). In addition, the bill authorizes owners or their agents to install individual submeters within each unit that is not directly metered for water to allocate fairly the cost of each unit’s water consumption.

During the use of individual submeters for bulk-metered service, the owner (or agent) is prohibited from charging a unit more than the actual costs imposed by the water service provider. The imposed charges must be allocated among units in proportion to their actual usage. An owner (or agent) is also prohibited from charging a unit for (1) costs resulting from leaks or poor maintenance that are the responsibility of the owner (or agent); (2) water used in common areas; or (3) usage in any part of a building that is not used as a residential unit.

The bill also prohibits an owner or agent from charging more than \$1 per unit per month to cover billing or other administrative fees.

If an individual submeter does not provide adequate or accurate billing data, the owner (or agent) may bill the occupant based on the average costs of the most recent three months of

the occupant's "actual usage" (usage measured when a meter was considered accurate), or, if that information is unavailable, the average cost of the most recent three months of "estimated usage" (the average usage of comparable dwelling units in the same apartment house based on size and number of occupants). However, if the submeter is not repaired or replaced for two consecutive billing cycles, the owner (or agent) may not bill the occupant until the submeter is repaired or replaced.

Submeter Standards

Submeters installed under the bill are subject to certain regulations adopted by the Maryland Department of the Environment in consultation with DHCD. The regulations must be at least as stringent as the standards applied to submeters installed by water service providers.

Recordkeeping and Complaint Procedures

Owners or their agents must (1) maintain adequate records for individual submeters; (2) obtain any additional records needed by an occupant to verify a water bill; and (3) allow occupants to inspect these records during reasonable business hours.

Occupants may file complaints against owners (or agents) in the county or municipality where the apartment house or mobile home park is located. The bill also authorizes complaints to be handled by local landlord-tenant commissions or, if no local commission exists (or has appropriate jurisdiction), by the local consumer protection agency. If neither local option is available, the Consumer Protection Division of the Office of the Attorney General (OAG) may handle the complaint. A complainant may also file a private cause of action. The bill's provisions may not be interpreted as preventing any State agency from exercising its authority regarding the collection of obligations arising from consumer transactions.

Landlord Obligations – Leases Agreements and Notices

A landlord that requires a tenant to pay a third party for water or sewer services measured by an individual submeter must (1) use a written lease that notifies the tenant of the tenant's responsibility for those payments; (2) provide the tenant a copy of the water or sewer bill no later than 20 days before payment is due; and (3) before the initial lease begins, provide written notice of the total water and sewer costs billed to the unit's occupants during the immediately preceding two years or, if unavailable, the total costs billed to a comparably sized unit during that period.

A landlord is prohibited from requiring a tenant make a third-party payment for water or sewer services if the landlord does not satisfy the requirements of §9-1115 of the Environment Article (as created under the bill).

Current Law: Section 7-303 of the Public Utilities Article includes similar provisions regarding the use of “submetering,” which is the installation of equipment to determine the actual use of gas or electricity for each residential unit in an apartment house or commercial rental unit in an office building or shopping center.

Title 8 of the Real Property Article – Landlord and Tenant

The Real Property Article includes certain requirements related to notice and disclosure when landlords use a “ratio utility billing system,” which means the allocation of one or more of a landlord’s utility charges, collected via a master meter, among the tenants by any method that does not measure actual per-tenant usage for the utility (including electricity and water usage, among others).

For example, a landlord using a ratio utility billing system is required to provide prospective tenants with a written disclosure that contains specified information, including the following:

- a statement of which utilities will be billed via allocation;
- copies of the landlord’s last two utility bills and the average monthly bill for all units from the previous calendar year, by utility;
- a description of the method that will be used to calculate the tenant’s share;
- information on any administrative or service fees associated with the billing system; and
- a statement explaining that the tenant may inspect the landlord’s utility records and that all billing disputes are to be resolved between the landlord and the tenant.

If a landlord fails to provide the required written disclosures, any provision in the lease requiring the tenant to pay those utility charges is unenforceable.

In general, the landlord of a building with six or more residential dwelling units that requires a tenant to make payments for water, sewer, gas, or electric utility services to the landlord (and not directly to the service provider) must (1) use a written lease that provides notice that the tenant is responsible for making payments for those utility services to the landlord and (2) provide a copy of the water, sewer, gas, or electric bill to the tenant or a written report at the beginning of each lease term indicating the total cost for each utility type billed to the landlord during the previous year. These requirements, however, are not applicable if a landlord uses a ratio utility billing system.

A landlord of a building that contains five or fewer residential dwelling units (and who requires a tenant to make payments for water, sewer, gas, or electric utility services to the landlord and not directly to the service provider) must (1) use a written lease that provides notice that the tenant is responsible for making payments for water, sewer, gas, or electric utility services to the landlord and (2) provide a copy of the water, sewer, gas, or electric utility bill to the tenant.

Mobile Home Parks Act (Title 8A of the Real Property Article)

The rights of mobile home park residents and responsibilities of mobile home park owners are established in the Maryland Mobile Home Parks Act of 1980, as set forth in Title 8A of the Real Property Article. Any violations of the Title that affect a resident or prospective resident are within the scope of the enforcement duties and powers of the Division of Consumer Protection of OAG.

Title 8A governs various aspects of a mobile home park, including rental agreements; the sale and transfer of mobile homes; general obligations/responsibilities of the mobile home park owners and residents; security deposits; and repossession and eviction procedures.

The Mobile Home Parks Act requires among other things, that a park owners must at all times (1) comply with all applicable building, housing, zoning, and health codes; (2) keep in good repair the leased site and all permanent fixtures that the park owner provides; (3) keep in a good state of appearance, repair, safety, and cleanliness the common areas and buildings; (4) provide at all reasonable times for the benefit of residents access to common areas, including their buildings and improvements, which access may not infringe on the leased site of any resident; and (5) keep in good repair each utility service.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 220 (Delegates Charkoudian and Guyton) - Environment and Transportation.

Information Source(s): Charles, Montgomery, and Prince George's counties; Washington Suburban Sanitary Commission; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of the Environment; Department of Housing and Community Development; Public Service Commission; Department of Legislative Services

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