



Annapolis, MD 21401 | (443) 620-4408 ph. | (443) 458-9437 fax

Hon. Kumar P. Barve, Chair
Hon. Dana M. Stein, Vice Chair
House Office Building, Room 251
6 Bladen St., Annapolis, MD 21401

February 27, 2020

RE: HB1149

Mr. Chair, Madam Co-chair and Members of the Environment and Transportation Committee:

The Maryland Land Title Association opposes the tax and fee increases contained within HB1149. According to the bill, there are three tax and fee increases to be added to purchases of real property in the State of Maryland. Maryland is already the third most expensive state for the purchase of real estate. Total Maryland closing costs are almost twice as high as closing costs in Virginia and that difference is almost entirely due to higher tax rates and fees. Maryland and Virginia housing markets are in direct competition as commuters into Washington DC decide where they can afford to purchase a home.

HB1149 also eliminates the First Time Maryland Homebuyer Credit for all purchasers of homes over \$250,000.00. The First Time Maryland Homebuyer Credit is a significant credit to incentivize Marylanders to invest in the purchase of real estate. Because many Millennials delayed the purchase of their first home, more and more First Time Buyers are purchasing homes with average values over \$250,000.00. In many counties across Maryland average home values are greater than \$250,000.00 so there is no choice but to purchase a home over \$250,000.00. Eliminating this credit will be a disincentive for those cash-poor Maryland residents who want to purchase a home.

Please keep in mind that when purchasing a home, a Maryland homebuyer can only obtain a loan up to a certain percentage of the purchase price. Every single dollar of closing costs and taxes is paid out of the buyer's pocket. It is not uncommon for Maryland buyers to be use every dollar of their savings and even to dip into their retirement in order to come up with the necessary funds to purchase their home. Every dollar of additional tax or fee on the purchase of real estate makes home buying that much more difficult for the average Maryland Resident.

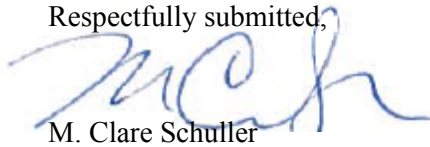
The purposed of HB 1149 is to create affordable housing in the State of Maryland, but by making the actual purchase of housing more expensive, this bill only traps more Maryland residents in the rental market and delays even further their ability to own a home and build equity in real estate.

HB1149 also, for the first time, creates a three tiered recordation tax calculation, which will create confusion and encourage market manipulations. The 24 different county clerks can interpret these tiers in different ways. For example, if the buyer offers to pay the seller's costs, will this count towards the consideration? If the seller offers closing costs assistance to the buyer, will this deduct from the consideration?

February 28, 2020
Re: HB1149

We would also like to point out that there is another Bill before the House, HB0529, which is already proposing a \$40.00 surcharge on instruments. Those fees are earmarked for the maintenance of the land records which is essential for keeping real estate transactions processed in a timely manner and preventing serious legal liabilities for the real estate industry.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'M. Clare Schuller', is written over the typed name.

M. Clare Schuller

Chair, Legislative Committee, MLTA

Enclosures:

- 1) 2018 State Closing Cost Rankings
- 2) 2018 Maryland Real Property Sales Data from MD Realtors Association