



House Bill 211 - Rental Housing Fund, Calculation of Taxable Income, and Transfer Tax - Alterations (Affordable Housing Investment Act)

Position: Oppose

The Maryland REALTORS® supports additional investments into the state Rental Housing Fund, which facilitates the acquisition and development of affordable rental units in the state. However, we oppose HB 211 due to the tax penalties the bill imposes on other real estate activities.

First, the bill eliminates the current transfer tax exclusion for Maryland first-time buyers if the property purchased is over \$1M. As home prices appreciate over time this repeal will impact more and more transactions. It will also affect those looking to relocate to Maryland from states with higher housing costs, making us less attractive for recruitment of companies and highly skilled professionals.

In addition, while the bill states that this additional tax is the responsibility of the purchaser unless otherwise agreed to, current Maryland residents could ultimately be responsible for this rate increase depending on market conditions at the time of sale or the number of offers made on the property.

This bill would also decouple Maryland's tax treatment of Opportunity Zones from that of the federal government and other states. Maryland REALTORS® fully supported the prospect for significant investment in low-income areas that Opportunity Zones encourage. This program increases investment opportunities to revitalize neighborhoods, job opportunities and create more "missing middle" housing at a time when Maryland has growing housing needs. By removing Maryland's incentives, those investments will go to other states, as will the jobs and revenue they provide.

The General Assembly should investigate ways to expand the Rental Housing Fund. However, we should not make certain types of housing more affordable by making other types of housing more expensive. For these reasons, Maryland REALTORS® respectfully urges an unfavorable report of HB 211.

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