
By: Delegates Minnick, DeCarlo, Holt, Ports, T. Murphy, Weir, Montague, and Mohorovic

Introduced and read first time: January 22, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Transfer Tax - Exemption - Owner-Occupied Real Property**

3 FOR the purpose of providing that a certain part of the consideration payable for an
4 instrument of writing for certain real property is exempt from the State transfer tax
5 under certain circumstances; requiring that the exemption from the State transfer
6 tax be applied against the transfer tax payment of a purchaser of real property
7 under certain circumstances; and generally relating to an exemption from the State
8 transfer tax.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - Property
11 Section 13-203
12 Annotated Code of Maryland
13 (1994 Replacement Volume and 1995 Supplement)

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

16 **Article - Tax - Property**

17 13-203.

18 (a) Except as provided in subsection (b) of this section, the rate of the transfer tax
19 is 0.5% of the consideration payable for the instrument of writing. The consideration
20 includes the amount of any mortgage or deed of trust assumed by the grantee.

21 (b) (1) In this subsection, "first-time Maryland home buyer" means an
22 individual who has never owned in the State residential real property that has been the
23 individual's principal residence.

24 (2) If there are two or more grantees, this subsection does not apply unless
25 each grantee is a first-time Maryland home buyer or a co-maker or guarantor of a
26 purchase money mortgage or purchase money deed of trust as defined in §12-108(i) of
27 this article for the property and the co-maker or guarantor will not occupy the residence
28 as the co-maker's or guarantor's principal residence.

1 (3) Notwithstanding any other provision of law, for a sale of improved
2 residential real property to a first-time Maryland home buyer who will occupy the
3 property as a principal residence, the rate of the transfer tax is 0.25% of the consideration
4 payable for the instrument of writing and the transfer tax shall be paid entirely by the
5 seller.

6 (4) To qualify for the exemption under paragraph (3) of this subsection,
7 each grantee shall provide a statement that is signed under oath by the grantee stating
8 that:

9 (i) 1. the grantee is a first-time Maryland home buyer as defined
10 under this subsection; and

11 2. the residence will be occupied by the grantee as the grantee's
12 principal residence; or

13 (ii) 1. the grantee is a co-maker or guarantor of a purchase money
14 mortgage or purchase money deed of trust as defined in § 12-108(i) of this article for the
15 property; and

16 2. the grantee will not occupy the residence as the co-maker's
17 or guarantor's principal residence.

18 (C) (1) THE TRANSFER TAX DOES NOT APPLY TO THE FIRST \$30,000 OF THE
19 CONSIDERATION PAYABLE FOR AN INSTRUMENT OF WRITING FOR RESIDENTIALLY
20 IMPROVED OWNER-OCCUPIED REAL PROPERTY, IF THE GRANTEE DOES NOT
21 QUALIFY AS A FIRST-TIME MARYLAND HOME BUYER UNDER SUBSECTION (B) OF
22 THIS SECTION AND THE INSTRUMENT OF WRITING IS ACCOMPANIED BY A
23 STATEMENT UNDER OATH SIGNED BY THE GRANTEE THAT:

24 (I) THE GRANTEE WILL OCCUPY THE RESIDENCE AS THE
25 GRANTEE'S PRINCIPAL RESIDENCE; OR

26 (II) THE GRANTEE:

27 1. IS A CO-MAKER OR GUARANTOR OF A PURCHASE MONEY
28 MORTGAGE OR PURCHASE MONEY DEED OF TRUST AS DEFINED IN § 12-108(I) OF
29 THIS ARTICLE FOR THE PROPERTY; AND

30 2. WILL NOT OCCUPY THE RESIDENCE AS THE CO-MAKER'S
31 OR GUARANTOR'S PRINCIPAL RESIDENCE.

32 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
33 PARAGRAPH, THE EXEMPTION PROVIDED UNDER PARAGRAPH (1) OF THIS
34 SUBSECTION SHALL BE APPLIED AGAINST THE GRANTEE'S TRANSFER TAX PAYMENT
35 REQUIRED UNDER THIS SECTION.

36 (II) IF THE GRANTOR HAS AGREED, BY CONTRACT, TO PAY THE
37 ENTIRE STATE TRANSFER TAX, THE EXEMPTION PROVIDED UNDER PARAGRAPH (1)
38 OF THIS SUBSECTION SHALL BE APPLIED AGAINST THE GRANTOR'S TRANSFER TAX
39 PAYMENT REQUIRED UNDER THIS SECTION.

3

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 1996.