

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 298

(Delegate Bohanan)

Environmental Matters

Judicial Proceedings

Residential Real Property Sales - Notice Requirements - Military Operations and Testing

This bill requires a contract for the sale of residential real property to contain a disclosure advising the buyer that the property may be located near a military installation that conducts flight operations, munitions testing, or military operations that may result in high noise levels. All local laws requiring a substantially similar notice prevail over the bill's provisions. The bill does not apply in Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington counties.

Fiscal Summary

State Effect: The bill would not directly affect State finances or operations.

Local Effect: The bill would not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: Contracts for the sale of real property are subject to specific disclosure requirements. For example, a contract must include, if applicable, information about property subject to a ground rent, water and sewer costs, development impact fees in Prince George's County, agriculturally assessed property in St. Mary's and Charles counties, and the cost of recordation or transfer taxes.

A seller of single-family residential real property must also complete and give to the purchaser a written disclosure or disclaimer statement about the condition of the property

before executing the contract of sale. A disclaimer statement must state that the seller makes no representations or warranties as to the condition of the property or any improvements and that the purchaser will be receiving the property "as is." A disclosure statement must include information of which the seller has actual knowledge about: (1) water and sewer systems; (2) insulation; (3) structural systems; (4) plumbing, electrical heating, and air conditioning systems; (5) infestation of wood-destroying insects; (6) land use matters; (7) hazardous or regulated materials; (8) any other material defects about which the seller knows; and (9) whether the smoke detectors will provide an alarm in the event of a power outage.

Background: The Southern Maryland Addendum to the Maryland State Association of Realtors Standard Contract includes information similar to that required under the bill.

Local Effect: Calvert, Prince George's, and St. Mary's counties advise that local property tax revenues, as well as recordation and transfer tax revenues, could decrease to the extent that potential home purchasers are dissuaded from those purchases or purchase for lower prices. It should be noted, however, that similar information is already included in the addendum to standard real estate contracts in Calvert, Charles, and St. Mary's counties.

Additional Information

Prior Introductions: A similar bill, SB 17 of 2005, passed third reading in the Senate. The bill was heard in the House Environmental Matters Committee, but no further action was taken.

Cross File: Although not identified as a cross file, SB 253 is identical.

Information Source(s): Prince George's County, St. Mary's County, Calvert County, Charles County, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

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