

Department of Legislative Services
2013 Session

FISCAL AND POLICY NOTE

House Bill 340 (Delegate Hogan, *et al.*)
Environmental Matters

Residential Real Property Sales - Property Tax Disclaimer

This bill requires the disclosure and disclaimer form, used in the sale of single-family residential real property, to contain the following statement: “Due to a variety of Maryland property tax credit programs, the buyer’s property tax bill may be significantly different than the tax bill paid previously by the seller of the property. Buyers should contact the local government for an estimate of their property tax obligation.”

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: None. Updating the disclosure and disclaimer form can be handled with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Prior to the sale of single-family residential real property improved by four or fewer dwelling units, the vendor must complete and deliver to each purchaser either a written residential property condition disclosure statement or a written residential property disclaimer statement. Both statements must be on a form provided by the State Real Estate Commission.

The residential property disclaimer statement must disclose any latent defects of which the vendor has actual knowledge that (1) a purchaser would not reasonably be expected to ascertain by a careful visual inspection and (2) would pose a direct threat to the health or

safety of a purchaser or occupant. The disclaimer statement must also notify the purchaser that, except for the disclosed latent defects, the vendor makes no representations or warranties as to the condition of the property and its improvements, and that the receipt of the property is “as is,” except as otherwise provided in the sales contract.

If a vendor elects to complete and deliver to each purchaser a written residential property disclosure statement, the vendor’s disclosure form must include a list of defects, including latent defects, or information of which the vendor has actual knowledge regarding specified conditions. The disclosure form must also contain various notices, including those relating to inspections of the property and that the disclosure form is not a warranty as to a condition of the property, or any other condition, of which the vendor has no actual knowledge.

Background: The State Real Estate Commission, within the Department of Labor, Licensing, and Regulation (DLLR), has a link to the most recent version of the residential property disclosure and disclaimer form on the DLLR website at www.dllr.state.md.us.

State Fiscal Effect: DLLR indicates that updating the disclosure and disclaimer form does not affect agency expenditures as the form is only a model for use by real estate professionals. In addition, the form is updated periodically to conform to changes mandated by the General Assembly.

Additional Information

Prior Introductions: HB 450 of 2012 passed the House but received an unfavorable report from the Senate Judicial Proceedings Committee. Likewise, HB 838 of 2011 passed the House but received an unfavorable report from the Senate Judicial Proceedings Committee. Although not designated as a cross file, SB 530 was identical to HB 838; it also received an unfavorable report from the Senate Judicial Proceedings Committee. In addition, HB 233 and HB 109, identical bills, passed the House in 2009 and 2010, respectively.

Cross File: SB 189 (Senator Shank) - Judicial Proceedings.

Information Source(s): State Department of Assessments and Taxation; Property Tax Assessment Appeals Board; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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mc/kdm

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