

HOUSE BILL 342

Q6

5lr1403

By: **Delegate Ruth**

Introduced and read first time: January 13, 2025

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Transfer Tax – Rates and Distribution of Revenue**

3 FOR the purpose of altering the State transfer tax rate and the distribution of State
4 transfer tax revenue; and generally relating to the State transfer tax.

5 BY repealing and reenacting, with amendments,
6 Article – Tax – Property
7 Section 13–203 and 13–209(a)
8 Annotated Code of Maryland
9 (2019 Replacement Volume and 2024 Supplement)

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

12 **Article – Tax – Property**

13 13–203.

14 (a) (1) Except as provided in subsections (a–1) and (b) of this section, the rate
15 of the transfer tax:

16 **(I) FOR RESIDENTIAL PROPERTY is:**

17 **1. 0.25% OF THE CONSIDERATION PAYABLE FOR THE**
18 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS LESS THAN \$300,000;**

19 **2. 0.375% OF THE CONSIDERATION PAYABLE FOR THE**
20 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$300,000 BUT LESS**
21 **THAN \$400,000;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **3. 0.5% of the consideration payable for the instrument of**
2 **writing IF THE CONSIDERATION IS AT LEAST \$400,000 BUT LESS THAN \$500,000;**

3 **4. 0.75% OF THE CONSIDERATION PAYABLE FOR THE**
4 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$500,000 BUT LESS**
5 **THAN \$700,000;**

6 **5. 1% OF THE CONSIDERATION PAYABLE FOR THE**
7 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$700,000 BUT LESS**
8 **THAN \$1,000,000;**

9 **6. 1.25% OF THE CONSIDERATION PAYABLE FOR THE**
10 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$1,000,000 BUT LESS**
11 **THAN \$3,000,000; AND**

12 **7. 1.5% OF THE CONSIDERATION PAYABLE FOR THE**
13 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$3,000,000; AND**

14 **(II) FOR NONRESIDENTIAL PROPERTY IS:**

15 **1. 0.5% OF THE CONSIDERATION PAYABLE FOR THE**
16 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS LESS THAN \$5,000,000;**

17 **2. 0.75% OF THE CONSIDERATION PAYABLE FOR THE**
18 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$5,000,000 BUT LESS**
19 **THAN \$10,000,000;**

20 **3. 1% OF THE CONSIDERATION PAYABLE FOR THE**
21 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$10,000,000 BUT**
22 **LESS THAN \$20,000,000;**

23 **4. 1.25% OF THE CONSIDERATION PAYABLE FOR THE**
24 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$20,000,000 BUT**
25 **LESS THAN \$40,000,000; AND**

26 **5. 1.5% OF THE CONSIDERATION PAYABLE FOR THE**
27 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS AT LEAST \$40,000,000.**

28 (2) The consideration:

29 (i) includes the amount of any mortgage or deed of trust assumed
30 by the grantee; and

31 (ii) subject to item (i) of this paragraph, includes only the amount

1 paid or delivered in return for the sale of the property and does not include the amount of
2 any debt forgiven or no longer secured by a mortgage or deed of trust on the property.

3 (a-1) (1) Except as provided in subsection (b) of this section, the rate of the
4 transfer tax is [0.5%] **THE APPLICABLE RATE UNDER SUBSECTION (A) OF THIS**
5 **SECTION** of the consideration paid for the transfer of a controlling interest in a real
6 property entity as defined in § 13-103 of this title that has developed real property under
7 Section 42 of the Internal Revenue Code, the Low Income Housing Tax Credit Program.

8 (2) The consideration under this subsection shall be the actual payment
9 made by the purchaser to the seller for the purchase of the interest.

10 (b) (1) In this subsection, “first-time Maryland home buyer” means an
11 individual who has never owned in the State residential real property that has been the
12 individual’s principal residence.

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

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

22 (4) To qualify for the exemption under paragraph (3) of this subsection,
23 each grantee or an agent of the grantee shall provide a statement that is signed under oath
24 by the grantee or agent of the grantee stating that:

25 (i) 1. the grantee is an individual who has never owned in the
26 State residential real property that has been the individual’s principal residence; and

27 2. the residence will be occupied by the grantee as the
28 grantee’s principal residence; or

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

32 2. the grantee will not occupy the residence as the
33 co-maker’s or guarantor’s principal residence.

34 (5) A statement under paragraph (4) of this subsection by an agent of a
35 grantee shall state that the statement:

1 (i) is based on a diligent inquiry made by the agent with respect to
2 the facts set forth in the statement; and

3 (ii) is true to the best of the knowledge, information, and belief of the
4 agent.

5 13–209.

6 (a) (1) Before any other distribution under this section, in any fiscal year that
7 bonds secured by a pledge of the State transfer tax are outstanding, the revenue from the
8 transfer tax shall be used to pay, as and when due, the principal of and interest on the
9 bonds.

10 (2) The Department shall deduct the cost of administering the transfer tax
11 from the taxes collected under this title and credit those revenues to the fund established
12 under § 1–203.3 of the Corporations and Associations Article.

13 (3) **(I)** Except as provided in paragraph (4) of this subsection **AND**
14 **SUBJECT TO SUBPARAGRAPHS (II), (III), AND (IV) OF THIS PARAGRAPH**, after
15 deducting the revenues required under paragraphs (1) and (2) of this subsection, the
16 revenue from transfer tax is payable to the Comptroller for deposit in a special fund.

17 **(II) BEFORE DEPOSITING THE REMAINING TRANSFER TAX**
18 **REVENUE IN A SPECIAL FUND UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
19 **COMPTROLLER SHALL CALCULATE AN AMOUNT THAT IS EQUAL TO 28% OF THE**
20 **REMAINING TRANSFER TAX REVENUE.**

21 **(III) 1. IF THE REMAINING TRANSFER TAX REVENUE LESS**
22 **THE AMOUNT CALCULATED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH IS**
23 **LESS THAN THE AVERAGE AMOUNT DEPOSITED IN THE SPECIAL FUND FOR THE 5**
24 **IMMEDIATELY PRECEDING FISCAL YEARS, THE COMPTROLLER SHALL REDUCE THE**
25 **PERCENTAGE CALCULATED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH TO A**
26 **PERCENTAGE THAT, WHEN APPLIED TO THE REMAINING TRANSFER TAX REVENUE,**
27 **EQUALS THE AVERAGE AMOUNT DEPOSITED IN THE SPECIAL FUND FOR THE 5**
28 **IMMEDIATELY PRECEDING FISCAL YEARS AND DEPOSIT THAT AMOUNT IN THE**
29 **SPECIAL FUND.**

30 **2. IF THE COMPTROLLER DOES NOT REDUCE OR**
31 **REDUCES THE PERCENTAGE CALCULATED UNDER SUBPARAGRAPH (II) OF THIS**
32 **PARAGRAPH TO A PERCENTAGE THAT IS GREATER THAN 0%, THE COMPTROLLER**
33 **SHALL DEPOSIT THAT PERCENTAGE OF THE REMAINING TRANSFER TAX REVENUE**
34 **TO THE GENERAL FUND.**

35 **(IV) AFTER THE COMPTROLLER MAKES THE DEPOSITS**
36 **REQUIRED UNDER SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH, THE**

1 **COMPTROLLER SHALL DEPOSIT THE REMAINING TRANSFER TAX REVENUE IN THE**
2 **SPECIAL FUND.**

3 (4) In any fiscal year in which transfer tax revenue is used to pay debt
4 service on outstanding bonds under paragraph (1) of this subsection, the distribution of
5 revenues in the special fund under this section and as specified in § 5-903(a)(2)(i)1A of the
6 Natural Resources Article, for State land acquisition, or to the Agricultural Land
7 Preservation Fund to the extent any debt service is attributable to that Fund, shall be
8 reduced by an amount equal to the debt service for the fiscal year.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2025, and shall be applicable to instruments of writing recorded on or after July 1, 2025.