

SENATE BILL 725

N1, Q6

6lr2227
CF HB 1009

By: **Senator Waldstreicher**

Introduced and read first time: February 6, 2026

Assigned to: Judicial Proceedings and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Transfer of Real Property – Recordation Certification and State Transfer Tax**
3 **(Land Transfer Accountability Act)**

4 FOR the purpose of prohibiting a clerk of the circuit court from recording an instrument
5 that effects a change of ownership of real property from the United States to certain
6 persons unless the instrument is accompanied by a certain certificate; requiring the
7 Office of the Attorney General and the State Department of Assessments and
8 Taxation to review certain changes of ownership of real property and issue a certain
9 certificate subject to certain requirements; requiring the clerk of each circuit court,
10 in conjunction with the Administrative Office of the Courts, to establish certain
11 uniform statewide procedures for receiving and recording certain certificates;
12 establishing a State transfer tax rate on an instrument of writing that conveys title
13 to certain real property that was formerly held and conveyed by the United States;
14 and generally relating to real property instruments and the State transfer tax.

15 BY repealing and reenacting, with amendments,
16 Article – Real Property
17 Section 3–104(a)
18 Annotated Code of Maryland
19 (2023 Replacement Volume and 2025 Supplement)

20 BY adding to
21 Article – Real Property
22 Section 3–104.3
23 Annotated Code of Maryland
24 (2023 Replacement Volume and 2025 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article – Tax – Property
27 Section 13–203(a) and 13–209(a)
28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2019 Replacement Volume and 2025 Supplement)

BY adding to

Article – Tax – Property

Section 13–203(c)

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

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

Article – Real Property

3–104.

(a) (1) **[The] SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**
clerk of the circuit court may record an instrument that effects a change of ownership if the
instrument is:

(i) Endorsed with the certificate of the collector of taxes of the
county in which the property is assessed, required under subsection (b) of this section;

(ii) 1. Accompanied by a complete intake sheet; or

2. Endorsed by the assessment office for the county as
provided in subsection (g)(8) of this section; and

(iii) Accompanied by a copy of the instrument, and any survey, for
submission to the Department of Assessments and Taxation.

(2) The Supervisor of Assessments shall transfer ownership of property in
the assessment records, effective as of the date of recordation, on receipt from the clerk of
the circuit court of a copy of the instrument, the completed intake sheet, and any survey
submitted under paragraph (1) of this subsection or documents received through an
electronic recordation system.

**(3) (I) THIS PARAGRAPH DOES NOT APPLY TO THE RECORDATION
OF AN INSTRUMENT THAT EFFECTS A CHANGE OF OWNERSHIP FROM THE UNITED
STATES TO:**

**1. THE UNITED STATES OR A PUBLIC
INSTRUMENTALITY OF THE UNITED STATES;**

2. THE STATE;

1 3. A COUNTY, A MUNICIPAL CORPORATION, OR ANY
2 OTHER POLITICAL SUBDIVISION OF THE STATE;

3 4. A PUBLIC INSTRUMENTALITY OF THE STATE; OR

4 5. ANY GOVERNMENTAL UNIT OF THE STATE.

5 (II) THE CLERK OF THE CIRCUIT COURT MAY NOT RECORD AN
6 INSTRUMENT THAT EFFECTS A CHANGE OF OWNERSHIP OF PROPERTY FROM THE
7 UNITED STATES TO ANOTHER PERSON UNLESS THE INSTRUMENT IS ACCOMPANIED
8 BY A CERTIFICATE OF COMPLIANCE ISSUED IN ACCORDANCE WITH § 3-104.3 OF
9 THIS SUBTITLE.

10 3-104.3.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (2) “CERTIFICATE OF COMPLIANCE” MEANS A CERTIFICATE ISSUED
14 BY THE OFFICE AND THE DEPARTMENT CERTIFYING THAT A CHANGE OF
15 OWNERSHIP, AND ANY RELATED INSTRUMENT THAT EFFECTS THE CHANGE,
16 COMPLIES WITH ALL APPLICABLE STATE AND FEDERAL LAWS, RULES, AND
17 REGULATIONS.

18 (3) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF
19 ASSESSMENTS AND TAXATION.

20 (4) “OFFICE” MEANS THE OFFICE OF THE ATTORNEY GENERAL.

21 (5) “REQUEST FORM” MEANS A FORM PROVIDED BY THE OFFICE AND
22 THE DEPARTMENT THAT A PARTY TO A CHANGE OF OWNERSHIP USES TO REQUEST
23 A CERTIFICATE OF COMPLIANCE.

24 (B) THIS SECTION APPLIES TO THE ISSUANCE OF A CERTIFICATE OF
25 COMPLIANCE FOR AN INSTRUMENT THAT EFFECTS A CHANGE OF OWNERSHIP OF
26 REAL PROPERTY FROM THE UNITED STATES TO ANOTHER PERSON IN ACCORDANCE
27 WITH § 3-104(A)(3) OF THIS SUBTITLE.

28 (C) (1) TO REQUEST A CERTIFICATE OF COMPLIANCE, A PARTY TO A
29 CHANGE OF OWNERSHIP SHALL SUBMIT:

30 (I) A COMPLETED REQUEST FORM TO THE OFFICE AND THE
31 DEPARTMENT; AND

(II) ANY OTHER INFORMATION THAT THE OFFICE AND THE DEPARTMENT REQUIRE.

(2) (I) ON RECEIPT OF A COMPLETED REQUEST FORM, THE OFFICE, IN COLLABORATION WITH THE DEPARTMENT, SHALL REVIEW THE CHANGE OF OWNERSHIP AND THE RELATED INSTRUMENT THAT EFFECTS THE CHANGE FOR COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS, RULES, AND REGULATIONS.

(II) DURING A REVIEW UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE OFFICE AND THE DEPARTMENT MAY REQUEST ADDITIONAL INFORMATION FROM ANY PARTY TO THE CHANGE OF OWNERSHIP.

(3) (I) AFTER COMPLETING THE REVIEW UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE OFFICE AND THE DEPARTMENT SHALL DETERMINE WHETHER TO:

1. ISSUE A CERTIFICATE OF COMPLIANCE;

2. DENY THE REQUEST FOR THE CERTIFICATE OF COMPLIANCE; OR

3. REQUEST ADDITIONAL INFORMATION FROM ONE OR MORE PARTIES TO THE CHANGE OF OWNERSHIP.

(II) THE OFFICE AND THE DEPARTMENT SHALL PROVIDE A DETERMINATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IN WRITING TO THE PARTY THAT SUBMITTED THE REQUEST FORM.

(III) A DENIAL UNDER SUBPARAGRAPH (I)² OF THIS PARAGRAPH SHALL PROVIDE THE REASONS AND LEGAL BASIS FOR THE DENIAL.

(4) IF A REQUEST IS DENIED, A PARTY MAY RESUBMIT A REQUEST FORM TO THE OFFICE AND THE DEPARTMENT AFTER CORRECTING ALL DEFICIENCIES IDENTIFIED UNDER PARAGRAPH (3)(III) OF THIS SUBSECTION.

(D) THE OFFICE AND THE DEPARTMENT SHALL:

(1) DEVELOP A STANDARDIZED REQUEST FORM;

(2) MAKE THE REQUEST FORM PUBLICLY AVAILABLE ON THE RESPECTIVE WEBSITES OF THE OFFICE AND THE DEPARTMENT; AND

(3) ESTABLISH STANDARDS AND PROCEDURES FOR:

(I) THE RECEIPT AND PROCESSING OF REQUEST FORMS;

**(II) THE LEGAL REVIEW OF CHANGES OF OWNERSHIP AND
RELATED INSTRUMENTS THAT ARE SUBJECT TO THIS SECTION; AND**

(III) THE ISSUANCE OF CERTIFICATES OF COMPLIANCE.

(E) (1) THE OFFICE AND THE DEPARTMENT SHALL ESTABLISH FEES FOR:

**(I) THE REVIEW OF A CHANGE OF OWNERSHIP UNDER
SUBSECTION (C)(2) OF THIS SECTION; AND**

(II) THE ISSUANCE OF A CERTIFICATE OF COMPLIANCE.

**(2) THE OFFICE AND THE DEPARTMENT SHALL ESTABLISH THE FEES
UNDER PARAGRAPH (1) OF THIS SUBSECTION IN AN AMOUNT THAT IS SUFFICIENT
TO PAY THE COSTS OF CARRYING OUT THIS SECTION.**

**(3) THE FEES COLLECTED UNDER THIS SUBSECTION SHALL BE
DEPOSITED IN THE GENERAL FUND OF THE STATE.**

**(F) THE CLERK OF EACH CIRCUIT COURT, IN CONJUNCTION WITH THE
ADMINISTRATIVE OFFICE OF THE COURTS, SHALL ESTABLISH UNIFORM STATEWIDE
PROCEDURES TO RECEIVE AND RECORD CERTIFICATES OF COMPLIANCE ISSUED
UNDER THIS SECTION.**

**(G) THE OFFICE AND THE DEPARTMENT SHALL ADOPT REGULATIONS TO
IMPLEMENT THIS SECTION.**

Article – Tax – Property

13–203.

**(a) (1) Except as provided in subsections (a–1) [and], (b), AND (C) of this
section, the rate of the transfer tax is 0.5% of the consideration payable for the instrument
of writing.**

(2) The consideration:

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

(ii) subject to item (i) of this paragraph, includes only the amount paid or delivered in return for the sale of the property and does not include the amount of any debt forgiven or no longer secured by a mortgage or deed of trust on the property.

(C) (1) THE RATE OF THE TRANSFER TAX IS 2% OF THE VALUE OF THE REAL PROPERTY DETERMINED BY THE DEPARTMENT AT THE DATE OF FINALITY IMMEDIATELY PRECEDING THE DATE OF TRANSFER FOR AN INSTRUMENT OF WRITING THAT CONVEYS TITLE TO REAL PROPERTY IF:

(I) THE UNITED STATES WAS THE MOST RECENT TITLE HOLDER OF THE REAL PROPERTY BEFORE THE PERSON CONVEYING TITLE TO THE REAL PROPERTY; AND

(II) THE TITLE FROM THE UNITED STATES UNDER ITEM (I) OF THIS PARAGRAPH WAS CONVEYED ON OR AFTER JULY 1, 2026.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE TRANSFER TAX UNDER THIS SUBSECTION SHALL BE PAID ENTIRELY BY THE TRANSFEROR.

13–209.

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

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

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

(II) BEFORE DEPOSITING THE REMAINING TRANSFER TAX REVENUE IN A SPECIAL FUND UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMPTROLLER SHALL CREDIT THE TRANSFER TAX REVENUE ATTRIBUTABLE TO THE TRANSFER TAX RATE UNDER § 13–203(C) TO THE PURPOSES SPECIFIED IN TITLE 5, SUBTITLE 9 OF THE NATURAL RESOURCES ARTICLE (PROGRAM OPEN SPACE).

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That, if any provision of this Act or
8 the application of any provision of this Act to any person or circumstance is held invalid for
9 any reason in a court of competent jurisdiction, the invalidity does not affect other
10 provisions or any other application of this Act that can be given effect without the invalid
11 provision or application, and for this purpose the provisions of this Act are declared
12 severable.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2026, and shall be applicable to instruments of writing recorded on or after July 1, 2026.