

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 168
(Senator Watson)
Budget and Taxation

**State Department of Assessments and Taxation - Blockchain-Based Real
Property Title Pilot Program - Establishment**

This bill establishes a Blockchain-Based Real Property Title Pilot Program administered by the State Department of Assessments and Taxation (SDAT) to (1) explore the use of such technology for securely recording and verifying real property ownership and (2) assess its potential use by law enforcement and the courts in resolving real property disputes involving “squatting.” By December 31, 2028, SDAT, in coordination with the Judiciary, the Department of State Police (DSP), local law enforcement agencies, and the Office of the Attorney General (OAG), must report to the Governor and General Assembly on the results of the program and related recommendations. **The bill takes effect October 1, 2026, and terminates June 30, 2029.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$3.4 million in FY 2027 for contractual staff and significant one-time contractual programming costs. Future year expenditures reflect annualization, inflation, and termination of the pilot program after FY 2029. Revenues are not directly affected.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	3.4	0.8	0.8	0	0
Net Effect	(\$3.4)	(\$0.8)	(\$0.8)	\$0.0	\$0.0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Although local government finances are not directly affected, local governments selected for participation in the pilot program may experience operational impacts.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Definitions

“Blockchain” means a distributed ledger technology that provides a secure, immutable, and transparent method of recording and storing data.

“Digital title” means a cryptographically secured token or smart contract that represents ownership of real property in the State.

“Squatting” means the unauthorized occupation of real property by an individual who does not have legal title, a lease, or the right of possession.

Blockchain – Based Real Property Title Pilot Program

The pilot program must begin by January 1, 2027. SDAT, in coordination with the Judiciary, DSP, local law enforcement agencies, and OAG must (1) create a blockchain registry to record and verify digital titles; (2) authorize property owners in pilot jurisdictions to opt in to having their property titles mirrored on the blockchain as digital titles; (3) provide a secure application programming interface for law enforcement and courts to validate the status of digital titles in real time; (4) test smart contract capabilities for title transfers and escrow functions; and (5) educate consumers, law enforcement, and courts on how to use the blockchain registry. To facilitate the creation of this registry, SDAT is authorized to contract with third-party vendors and required to abide by existing standards related to procurement.

Current Law: Clerks of the circuit courts are responsible for the recording of land records. Generally, the Maryland Uniform Real Property Electronic Recording Act – Title 3, Subtitle 7 of the Real Property Article – establishes that requirements for documents to be signed as a condition for recording are met by an electronic document or electronic signature under specific circumstances. The Act also requires the clerks of the circuit courts and SDAT to coordinate with appropriate entities on procedures and processes to facilitate the electronic satisfaction of prior approvals and conditions precedent to recording documents or the electronic payment of fees or taxes.

State Fiscal Effect: SDAT advises that the department (1) does not currently perform title searches or verify property titles once a deed is recorded in the land records and (2) maintains its internal ownership records based on land records (which may have errors or incomplete information). The proposed pilot program therefore necessitates the creation of a dedicated office and development of comprehensive policy regulations and operational

procedures to govern the title/ownership verification process. OAG and the Judiciary likewise anticipate the need for additional staff and programming costs, respectively, in order to ensure sufficient oversight and integration with the pilot program. SDAT further advises that although statute includes a requirement for counties to share in the costs for certain information technology expenses, the anticipated expenses for the bill are not covered by the reimbursement provisions. Accordingly, general funds are required and there is no assumption that counties share in the specific costs.

Accordingly, total general fund expenditures increase by \$3,366,003 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date and reflects the staff and programming costs needed to implement the pilot program. The Department of Legislative Services notes that because the pilot program concludes at the end of fiscal 2029, it is assumed that contractual staff are used and that associated expenditures terminate after fiscal 2029. Additional information regarding the fiscal impact for the specific entities affected is below.

State Department of Assessments and Taxation

General fund expenditures increase by \$3,101,968 in fiscal 2026, which reflects the cost of hiring one program manager, one administrator, three office supervisors, and seven office clerks. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses; the estimate also accounts for contractual costs associated with procuring a vendor to develop the necessary information technology system.

Contractual Positions	12.0
Salaries and Fringe Benefits	\$492,279
Contractual Programming	2,500,000
One-time Start-Up Costs	84,696
Operating Expenses	<u>24,993</u>
Total FY 2027 SDAT Expenditures	\$3,101,968

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses through fiscal 2029.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Office of the Attorney General

OAG requires one assistant Attorney General to provide legal advice, review and revise documents, and support potential litigation. Consequently, general fund expenditures for

OAG increase by \$116,135 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring one contractual assistant Attorney General. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1.0
Salary and Fringe Benefits	\$106,994
One-time Start-Up Costs	7,058
Operating Expenses	<u>2,083</u>
Total FY 2027 OAG Expenditures	\$116,135

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses through fiscal 2029.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Judiciary

General fund expenditures increase by at least \$147,900 in fiscal 2027 only for programming changes. The Judiciary advises that costs may rise further if the blockchain title system developed by SDAT requires modifications exceeding the Judiciary's initial estimate. While the Judiciary anticipates these changes will facilitate data sharing and collaboration with law enforcement and other partners, the need for increased coordination and system integration may expand staff workloads.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Anne Arundel, Baltimore, Frederick, Montgomery, and Somerset counties; Office of the Attorney General; Judiciary (Administrative Office of the Courts); Department of State Police; State Department of Assessments and Taxation; Department of Legislative Services

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