



## *Maryland Association of Appraisers*

The Maryland Association of Appraisers speaks on behalf of thousands of real estate appraisers in **strongly opposing HB 1628 – Sales Tax on Services** for numerous reasons. It would create an onerous burden on each of our members to:

- Collect taxes on hundreds of transactions
- Account for and file new tax forms
- Bear the brunt of paying most of the tax.

Most appraisal companies are sole proprietor or “mom and pop” shops with very few employees. Each appraiser appraises hundreds of properties every year. Under this proposed law, appraisers would essentially become tax collectors for the state with the added task of accounting for and filing tax returns on a quarterly and annual basis. Moreover, appraisers would likely absorb much of the tax as it is difficult to raise fees in a hyper-competitive market. Appraisers cannot simply pass along the tax to the consumer. **This would end up costing each appraiser an estimated \$4,000 to \$6,000 per year.**

HB 1628 would not only have a deleterious effect on appraisers, but on the real estate market and, in turn, local and county taxes.

### **First-time homebuyers and low to middle income buyers would be adversely affected by HB 1628.**

- These buyers are the driving force to a successful real estate market cycle. There can be no mobility to the second home and luxury home purchases without new buyers entering the market. **The sales and service tax would be regressive** and severely impact these buyers.
- **The sales and use tax would have a rippling effect on closing costs** for real estate related services such as appraisers, home inspectors, mortgage lenders, broker fees, titling services, attorney fees, well and septic inspections just to name a few.
- **These buyers are already paying multiple taxes** such as transfer taxes and recording fees. Depending on the jurisdiction, buyers also pay local transfer taxes and agricultural transfer taxes.
- **The sales and use tax would create a barrier to homeownership.** At a time when homeownership is declining in Maryland to its lowest level in decades, increasing costs on low income and first-time home buyers does nothing to reverse this trend and would accelerate it. **HB 1628 would make it more difficult to save for a down payment.**

### **The sales tax on services would adversely impact county and local government tax revenues.**

The real estate market has a direct impact on fees collected by county and local governments which go toward paying for education. Taxes and fees are collected through property taxes and transaction fees such as transfer taxes and recording fees. **HB 1628 would have a dampening effect on the market and would decrease the number of houses sold.** In turn, this will decrease property values, further decreasing assessment values, and **lowering the amount of tax revenue needed to fund schools.**

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