



House Bill 457 – Recordation Tax – Purchase Money Mortgage or Purchase Money Deed of Trust – Extent of Exemption

Position: Favorable

Maryland REALTORS® support HB 457 which seeks to clarify Maryland law regarding the imposition of recordation taxes.

Under Maryland law, recordation taxes are not levied on mortgages or deeds of trust if the recordation tax was paid on the purchase price of the property. This exemption exists to ensure that recordation tax is not imposed twice in the same transaction. However, if a loan amount exceeds the value of the property, or the indebtedness in a refinance, that excess amount may be assessed a recordation tax.

HB 457 simply clarifies this longtime existing rule. Recently, questions were raised about the statute and whether taxes may be assessed on new indebtedness or value exceeding the purchase price.

The Maryland REALTORS® recommends a favorable report.

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