



Senate Bill 476 – Recordation Tax – Indemnity Mortgage Exemption – Threshold Amount

Position: Favorable

Maryland REALTORS® support SB 476 which increases the recordation tax exemption threshold for Indemnity Mortgages or deeds of trust often referred to as IDOTs.

Under Maryland law, indemnity mortgages are exempt from recordation tax if the guaranteed amount is less than \$3 million dollars. SB 476 will increase the exemption amount to \$12.5 million.

Given the many challenges in commercial real estate due to COVID and business' new real estate needs with remote work options, an IDOT exemption can help small and medium sized commercial real property save money when redeveloping or restructuring their property. Moreover, for construction of rental units, SB 476 keeps development costs lower helping to keep rental property more affordable.

With the significant increase in property values since the exemption amount was increased last in 2013, these properties have contributed significant new revenues to state and local coffers.

Maryland REALTORS® recommend a favorable report.

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