

February 20, 2023

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Office Building,
3 West Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: Support of SB 0476 Recordation Tax – Indemnity Mortgage Exemption – Threshold Amount

Dear Chairman Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 0476 Recordation Tax – Indemnity Mortgage Exemption – Threshold Amount**. MBIA **Supports** the Act in its current version.

This bill Increases the threshold amount for certain indemnity mortgage transactions that are exempt from the recordation tax from \$3,000,000 to \$15,000,000. MBIA supports this measure. We believe that an increase in the threshold amount is long overdue and would help small to medium size developers with various projects. Raising the threshold will benefit our builders without creating any issues for the teachers' pension funding and plenty of revenue will still be generated by the recordation tax despite the increase.

Maryland is facing a housing crisis. We need to create more housing. Increasing housing supply will assist in decreasing the overall cost of housing as well as provide new housing stock. According to Metrostudy, Baltimore is under-built by an estimated 26,000 units. Additionally, the Council of Governments estimated the Washington, DC region is expected to be under-built by 115,000 units by 2045. The State Legislature needs to provide as many tools as possible to encourage new housing in Maryland.

SB478 will also assist in decreasing the overall cost of housing to the residents of the State. Ultimately, the recordation tax is getting passed on to the Home buyer. According to a 2020 National Association of Homebuilders study, for every \$1000 increase in the price of a median -priced new home, 2,881 Marylanders are priced out of the market. This is one step to make housing more affordable.

For these reasons, MBIA respectfully requests the Committee give this measure a **Favorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee