



## **House Bill 1428 – Sales of Residential Real Property – Offers to Purchase and Transfer Tax**

### **Position: Oppose**

While Maryland REALTORS® has concerns over the uptick in institutional real estate investors in the marketplace and the impacts of hedge fund ownership on real estate markets, this act is not narrowly tailored to that issue. Several of the provisions of HB 1428 would have negative impacts on the buying and selling of real estate and on home sellers, which we must currently oppose.

The 30-day lockout and transfer tax provisions in the bill have long been opposed by REALTORS® because they are a severe penalty on current Maryland homeowners. An offer from an institutional investor may be the best – or only – option a seller receives, depending on current market conditions or the condition of the property being sold. Also, because transfer taxes are typically split between buyers and sellers, Maryland residents would also be subject to the financial penalties in this bill, which would greatly reduce or completely eliminate what equity they have gained in their homes.

What's more, the excise tax and limitations on property ownership affect all property investors, not just large, national hedge funds. As properties are divested from investor portfolios, as contemplated in this bill, other investors would need the ability to purchase those properties if they are to remain rental options for Maryland residents. If even Maryland-based, smaller-scale investors are subject to the property ownership restrictions in this bill, current tenants of these properties will be displaced, and fewer rental options will exist in the state.

If the bill were limited to only hedge fund investors, as defined in the bill, and provisions on transfer taxes and purchase lock out periods were removed, there may be an opportunity to craft a bill that would receive REALTOR® support. However, as currently drafted, we must oppose HB 1428.

We look forward to continued discussions with the sponsors and other stakeholders on alternative approaches to the issue.

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