House Bill 342 – State Transfer Tax – Rates and Distribution of Revenue

Position: Oppose

Maryland REALTORS® opposes HB 342, which alters the real estate transfer tax rate for both residential and commercial properties in the state.

HB 342 would increase the transfer tax on homes sold at or above $500,000. There are many areas of the state where that is a typical single-family home, or in some cases, even a townhome or condominium. In fact, in 2024, the average home price in Maryland statewide was $498,000. Transfer taxes are not able to be rolled into a monthly mortgage payment and are instead part of the upfront costs of a home purchase, which Maryland residents cite as the number one deterrent to achieving homeownership.

Real estate is not an undertaxed asset. It is already subject to eight taxes: two transfer taxes (state and local); a recordation tax; a recording fee; two property taxes; a bay restoration property surtax; and a stormwater fee. In addition, real estate contributes billions of dollars in new revenue each year to state and local governments because of increasing property assessments.

As a result of the real estate costs already in effect:

- 84% percent of Maryland residents believe that the cost of housing is too high;
- 87% say that having enough money for downpayments and closing costs is an obstacle to purchasing a home; and
- 42% of younger renters are considering leaving Maryland.

Rather than increasing the transfer tax rates specified in HB 342 on a housing stock that is increasingly unaffordable for the typical Marylander, state and local governments should prioritize the new funding received each year through increasing property assessments.

For these reasons, Maryland REALTORS® recommend an unfavorable report.

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