



Bill: HB342 - State Transfer Tax - Rates and Distribution of Revenue

Committee: Ways & Means

Date: February 4, 2025

Position: Unfavorable

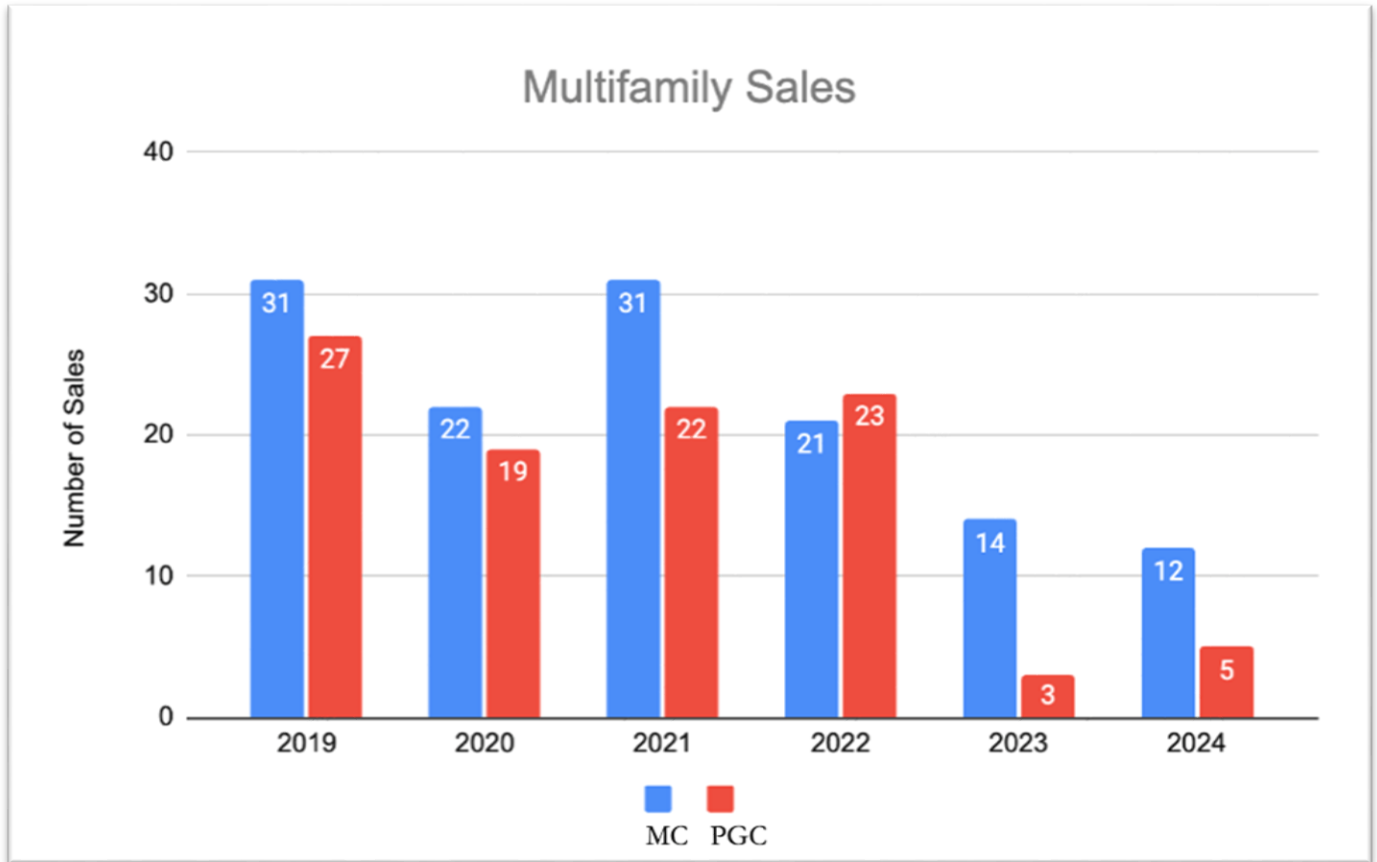
The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in opposition to House Bill 342.

HB 342 increases transfer tax rates for residential and nonresidential properties on sales recorded after July 1, 2025. AOBA opposes this legislation because it will raise the cost of purchasing multifamily properties, which will either reduce the number of sales or raise the cost of housing. Multifamily sales in Montgomery and Prince George's Counties have already been declining in recent years because of the regulatory environment in both counties.

As noted in the chart below, multifamily sales are down 40 – 50% in Montgomery County and 70 – 80% in Prince George's County from their post-pandemic high. The decrease in sales coincided with the enactment of rent control in both counties. For reference, sales are steady or increasing in Northern Virginia counties over the same period.¹ Northern Virginia counties do not have rent control, Building Energy Performance Standards, or a myriad of other landlord regulations.

While the intent of this legislation is to raise additional transfer tax revenues, HB342 is likely to have the opposite effect. The increased tax will drive multifamily investors away, leading to fewer sales and reduced revenue. In fact, Prince George's County estimated in its FY25 budget that the decrease in real estate sales would result in a \$40 million decrease in revenues.

¹ <https://www.wsj.com/real-estate/wall-street-landlords-loved-these-d-c-suburbs-rent-control-ended-that-a8f166cb>



Source: Transwestern Commercial Real Estate

Any sales that do occur will result in higher housing costs for renters because housing providers will need to recoup these costs through increased rents, which are the single source of revenue for the rental housing industry.

For these reasons, AOBA urges an unfavorable report on House Bill 342. For more information, please contact Brian Anleu at banleu@aoba-metro.org.