



Testimony on HB 342  
February 4, 2025  
State Transfer Tax – Rates and Distribution of Revenues  
Kristin Kirkwood, Chair Forever Maryland

**Position:** Unfavorable

Forever Maryland represents Maryland's land trust community. Local land trusts are valuable partners in the efforts to preserve the most important farms, forests and ecological areas in the state. We work side by side with state and local government to reach the goal of permanently preserving 40% of the state by the year 2040.

Enacted in 1969, Maryland's transfer tax, a small tax on real estate transactions, was the nation's first dedicated funding source for land conservation. The ½% transfer tax funds the purchase and development of state and local parkland, the protection of farmland through voluntary conservation easements, the purchase and protection of valuable ecological land, supports Heritage Areas, and works to provide young farmers with access to land.

Forever Maryland appreciates the bill's intention to raise more transfer tax funding. However, we oppose the bill for the following reasons:

- The structure of the transfer tax rate has remained relatively constant since 1969. First time home buyers are charged a reduced transfer tax rate of .25 (one quarter of one percent). Other real estate transactions are subject to the full .50 (one half of one percent) transfer tax.
- Any changes to the tax should only be done after careful financial modeling to ensure that the proposed changes would, in fact, result in increased revenue, especially given the highly variable nature of real estate market.
- The reallocation of a portion of the transfer tax revenue to the general fund is contrary to the original purpose for which the tax was established. Currently, home buyers can be assured that their tax directly comes back to them through the provision of open space. This promise has stood the test of time and has helped to preserve more than 30% of the land in Maryland. Redirecting transfer tax revenue to the general fund risks confusion and dissent thereby jeopardizing Maryland's nationally lauded land conservation programs.

We look forward to working with the state to achieve the goal of preserving 40% of the state by 2040.