



Testimony offered on behalf of:
MARYLAND MORTGAGE BANKERS & BROKERS ASSOCIATION, INC.

IN OPPOSITION OF:
SB0725

Transfer of Real Property – Recordation Certification and State
Transfer Tax (Land Transfer Accountability Act)

Senate Judicial Proceedings Committee
Hearing – 3/5/2026 at 1:00 pm

SB0725 would impose a dramatically higher transfer-tax rate of 2 percent on certain property transactions where the federal government was the prior owner. This tax is four times higher than Maryland's standard state transfer-tax rate of 0.5 percent. This proposal would have particularly harmful consequences for the transfer of residential properties currently owned by federal housing agencies such as the U.S. Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), and the U.S. Department of Agriculture (USDA).

Properties held by HUD or the VA typically consist of homes acquired through foreclosure or loan guarantee programs. These properties are intended to be returned quickly to private ownership so they can INCREASE THE HOUSING SUPPLY when placed back into productive use. Imposing a significantly higher transfer tax on these sales would increase acquisition costs for buyers, discourage investors and owner-occupants from purchasing distressed properties, slow the resale of government-owned homes, and prolong neighborhood vacancy and blight.

Because these properties are often priced affordably to facilitate disposition, a 2 percent transfer tax represents a disproportionate financial burden relative to property value and can materially affect a buyer's ability to qualify for financing. Although the tax is assigned to the transferor, transaction costs are ultimately absorbed by market participants through pricing adjustments. In practice, this means the increased tax burden will be reflected in higher purchase prices or reduced incentives, negatively affecting buyers and housing affordability.

For these reasons, the Maryland Mortgage Bankers and Brokers Association, Inc. OPPOSES this bill and urges an UNFAVORABLE REPORT on SENATE BILL 0725.

Timothy J Gough

MMBBA Legislative Committee

tgough@baycapitalmortgage.com - (410) 320-0852