

SB0725_Land_Transfer_Accountability_Act_FAV.pdf

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Position: FAV



TESTIMONY FOR SB0725
Transfer of Real Property - Recordation Certification and State Transfer Tax
(Land Transfer Accountability Act)

Bill Sponsor: Senator Waldstreicher

Committee: Judicial Proceedings

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0725 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

We used to be able to rely on the federal government to act responsibly. After seeing what happened last year with DOGE and the executive orders that were issued by the Trump Administration to wreak havoc on just about everything, we not only recognize that they can't act responsibly, but we have a responsibility to try to stop them from doing actual harm in our state.

This bill, if enacted, sets guardrails around the federal government's ability to casually dispose of own land and buildings it owns in the state. It requires that the Clerk of the Circuit Court must have a Certificate of Compliance before recording an instrument that effects a change of ownership of property from the United States to another person. It does not affect the transfer of land or buildings to the state, county, or municipal entity, or to another branch of the federal government.

We've already seen that the current Administration has sought to dispose of federal office buildings and preserved natural resources without a single thought about the consequences. There are always consequences and this bill would at least make the government think through them and defend what they are doing.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

SB0725 - OPPOSED - MMBBA - Gough.pdf

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Position: UNF



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

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Position: INFO

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STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

ANTHONY G. BROWN
Attorney General

March 5, 2026

TO: The Honorable William Smith
Chair, Judicial Proceedings Committee

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

FROM: Tiffany Clark
Director, Legislative Affairs, Office of the Attorney General

RE: Senate Bill 725 – Transfer of Real Property – Recordation Certification and
State Transfer Tax (Land Transfer Accountability Act) (Letter of Concern)

The Office of the Attorney General (OAG) respectfully submits this letter of concern regarding Senate Bill 725 - Transfer of Real Property – Recordation Certification and State Transfer Tax (Land Transfer Accountability Act). SB 725 requires the OAG, in collaboration with the State Department of Assessments and Taxation (SDAT), to review changes of ownership of real property transferred from the United States to private parties and to issue Certificates of Compliance certifying that each transfer "complies with all applicable State and federal laws, rules, and regulations."

While we appreciate the sponsor's intent to ensure accountability and legal compliance in the transfer of federally held real property, we have identified the following significant concerns that warrant the Committee's attention:

SB 725 imposes a new and substantial legal certification function that falls outside the OAG's traditional role. The OAG serves as legal counsel to State agencies and officials; it does not typically perform transactional legal review or issue certifications of legal compliance on behalf of private parties. The scope of review required to certify compliance with "all applicable State and federal laws, rules, and regulations" could encompass deed review and interpretation, research of recorded documents, title searches, and analysis of complex federal disposition

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us.

requirements. These functions are more appropriately performed by private title counsel retained by the transacting parties.

SB 725 also exposes the State to significant liability. By requiring the OAG to issue a Certificate of Compliance certifying that a transfer is legally compliant, the bill would place the State in a position of potential liability if a certified transfer is later challenged or determined to be deficient. The bill provides no limitation on the legal consequences of an erroneous certification, no indemnification for the State, and no clear standard for what "legal compliance" encompasses. This ambiguity substantially increases the State's legal and financial exposure.

Additionally, SB 725 would require significant new OAG resources. SDAT's records indicate that approximately 50–60 federal-to-private property transfers occur in Maryland each year. The legal review necessary to support each Certificate of Compliance, including research, analysis, and written determinations, is estimated to require at least 25% of a single Assistant Attorney General's (AAG) time, and could necessitate the creation of an entirely new AAG position. While the bill contemplates a fee structure, there is no guarantee fees that would fully offset the costs of hiring, training, and sustaining dedicated personnel for this function.

We appreciate the sponsor's work on this important issue and remain available to work collaboratively with the sponsor and Committee to address these considerations as the legislation advances.

Cc: Members of the Committee

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Position: INFO

HON. STACY A. MAYER
CIRCUIT COURT
JUDGE
BALTIMORE COUNTY
CHAIR

HON. RICHARD SANDY
CIRCUIT COURT
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MARYLAND JUDICIAL COUNCIL LEGISLATIVE COMMITTEE

MEMORANDUM

TO: Senate Judicial Proceedings Committee
Senate Budget and Taxation Committee

FROM: Legislative Committee
Suzanne D. Pelz, Esq.
410-260-1523

RE: Senate Bill 725
Transfer of Real Property – Recordation Certification and State
Transfer Tax (Land Transfer Accountability Act)

DATE: February 11, 2026
(3/5)

INFORMATIONAL COMMENT PAPER

The Judiciary respects the separation of powers doctrine and acknowledges the policy-making authority of the legislative branch. As such, the Judiciary has no position on the policy aims of this legislation.

The Judiciary only writes to request some clarification on the language of the bill. The bill discusses a new fee, but it does not state who collects this fee. It only states that the fee will be going to the general fund. Also, on page 6 line 4, the transfer tax is 2% of the value as determined by State Department of Assessments and Taxation, if the United States was the most recent title holder. It is unclear if that information will be in the certificate of compliance that would be filed with the recording, and if the certificate is going to be recorded with the deed. Finally, the bill is not specific on whether only transfer tax will be collected or recordation tax will be collected as well.

cc. Hon. Jeff Waldstreicher
Judicial Council
Legislative Committee
Kelley O'Connor