



PARTNERS *for* **OPEN SPACE**

February 27, 2026

Testimony on HB 1398
State Transfer Tax – Temporary Suspension
House Ways and Means Committee

Position: Unfavorable

Dear Chair, Vice Chair, and Members of the Committee,

On behalf of Partners for Open Space, a statewide coalition of Maryland’s leading agricultural, recreation, historic preservation, and land conservation organizations, we voice our strong opposition to HB 1398, a bill that would suspend the State transfer tax for three full years, eliminating the central, dedicated revenue source that sustains Program Open Space, Maryland’s Rural Legacy Program, the Maryland Agricultural Land Preservation Foundation, and the Heritage Areas Authority.

The State transfer tax is the backbone of Maryland’s entire land conservation and outdoor recreation system, a system that counties and municipalities heavily rely upon to build parks, protect working farms, manage forests, restore shorelines, strengthen community resilience, and support tourism and cultural heritage. By suspending this dedicated revenue source from July 1, 2026, through June 30, 2029, HB 1398 would not merely reduce funding; it would effectively dismantle the financial foundation of these programs during a period when counties are already facing increased demands, higher construction costs, and mounting climate-driven pressures on their parks and natural resources.

For counties, the impacts would be immediate and severe. Local Program Open Space funding forms the core capital budget for new park development, trail construction, playground renovations, athletic field improvements, shoreline stabilization, and land acquisition. Many counties allocate these funds years in advance and rely upon the predictable, dedicated structure of the transfer tax to build multi-year project pipelines. A multi-year suspension would halt projects midstream, strand planning commitments, and force counties either to raise local taxes or abandon key recreational and environmental investments that residents expect and use every day.

Maryland’s thirteen certified Heritage Areas would be similarly harmed. The Maryland Heritage Areas Authority depends on transfer tax revenue to fund heritage tourism, cultural preservation, and small-business support from the Eastern Shore to Western Maryland. These areas are economic engines for rural communities in particular, where heritage destinations and cultural landscapes drive visitor spending and support local livelihoods. HB 1398 would



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remove the sole dedicated revenue source that keeps these programs functioning, significantly weakening the economies of communities that rely on heritage tourism.

For Maryland's land trusts and conservation partners, the consequences would be profoundly damaging. The transfer tax funds conservation programs such as Rural Legacy, MALPF, and stateside Program Open Space. Tools that protect forests, wetlands, farmland, historic landscapes, and the natural resources that define Maryland's identity and support our number 1 industry, agriculture. A suspension of this magnitude would create a three-year vacuum in which conservation easements cannot be purchased, critical properties are lost to development, and generational opportunities for protection vanish permanently. Landowners who have waited years to participate in these programs would be left with no pathway forward, and the State would undermine the credibility and trust upon which voluntary conservation depends.

More broadly, HB 1398 would erode Maryland's leadership in conservation at a time when climate change, flooding, agricultural land loss, and development pressures continue to accelerate. The State has committed to the 40x40 Maryland the Beautiful initiative, to climate resilience goals, to forest preservation targets, and to meeting federal Chesapeake Bay restoration requirements. None of these commitments are achievable without the stable, dedicated financing provided by the transfer tax. Suspending it would set Maryland back years, if not decades, and would force counties, land trusts, and State agencies to absorb impacts that far exceed the short-term revenue implications of this bill.

Partners for Open Space understands the pressures facing Maryland families and the desire to improve housing affordability, but suspending the transfer tax does not meaningfully reduce closing costs for Marylanders in a way that matches the scale of the damage this bill would cause. The savings to individual homebuyers would be marginal in comparison to the cost to counties, towns, rural communities, heritage areas, and conservation partners, which would be vast, structural, and lasting.

For these reasons, Partners for Open Space urges the Committee to issue an Unfavorable report on HB 1398.

Sincerely,

Owen Bailey, Co-chair
Partners for Open Space

Charlotte Davis, Co-chair
Partners for Open Space