



## House Bill 1213

**Committee: Ways and Means**

**Bill: House Bill 1213 - State Transfer Tax - Rate - Alterations (Housing Affordability for Buyers and Sellers)**

**Date: March 3<sup>rd</sup>, 2025**

**Position: Unfavorable**

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The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members consist of owners and managers of more than 214,000 rental housing homes in over 1015 apartment communities. Our members house over 571,000 residents of the State of Maryland. MMHA also represents over 270 associate member companies who supply goods and services to the multi-housing industry.

House Bill 1213 (“HB 1213”) seeks to alter the State transfer tax rate and the distribution of State transfer tax revenue, and applying the Act to instruments of writing recorded on or after July 1, 2026. Relevant to MMHA, HB 1213 creates a sliding scale for the tax rate on multi-family residential property transfers (except for deed-restricted properties) ranging from 0.25% to 1.25% based on the consideration of the property.

MMHA is asking for an unfavorable report to HB 1213 for the following reasons:

**I. HB 1213 is a de facto tax increase on the sale of a number of multi-family properties.**

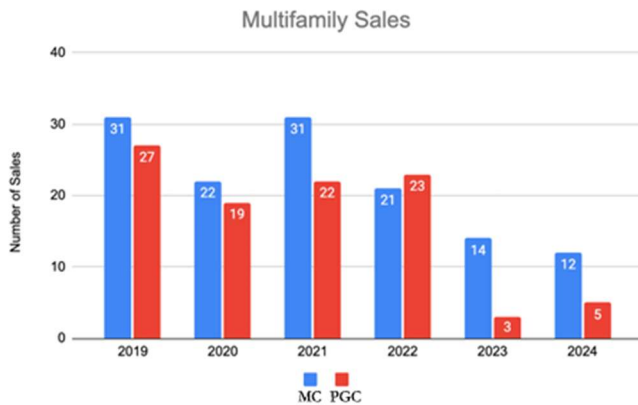
According to CoStar, the average sale price per unit for a multi-family property in the state of Maryland in 2025 was about \$201,000. Based on that average, the sale of a multi-family property would see the following increases from the current state transfer rate of 0.5%:

- **50 or more unit properties** would increase to .75%
- **100 or more unit properties** would increase to 1%
- **200 or more unit properties** would increase to 1.25%

Depending on the extenuating circumstances and factors of the multi-family properties (ex. location, amenities, condition of building infrastructure etc.), these unit totals could be much lower and hit the increased thresholds on HB 1213’s proposed sliding tax scale. For the average multi-family property sale of the sizes outlined, it is safe to presume that they will see tax increase.

## II. HB 1213 would disincentivize housing providers from doing business in Maryland.

During the “State of Housing” briefing in Maryland House Environment & Transportation Committee last year on January 14<sup>th</sup> 2025<sup>1</sup>, the Apartment & Office Building Association of Metropolitan Washington (“AOBA”) and MMHA jointly presented on the state of rental housing in Maryland. Based upon information provided through CoStar, a real estate information and analytics company that provides data, news, and online marketplaces, a gloomy glimpse was provided to the committee on the 2024 sales trends of multi-family buildings in Maryland:



- The total sales volume plummeted to **\$1.89 billion**, below the five-year average of **\$4.47 billion (about a 58% decline)**.
- As shown in the graph to the left, the total sales of Montgomery County (“MC”) and Prince George’s County (“PGC”) multi-family buildings **are in a sharp decline**.

By effectively raising the state transfer tax on a shrinking pool of multi-building sales, MMHA is concerned that the state and municipalities will continue to see lower sale volumes as investors look away from Maryland. As an alternative, **MMHA would encourage the General Assembly to find legislative solutions that encourage more sales activity as a way to naturally improve revenue from the current state transfer tax rate.** According to a Wall Street Journal article<sup>2</sup> from December of 2024, Scott Melnick, president of Montgomery County-based brokerage Melnick Real Estate Advisors, *“There’s no question that [the rent restrictions] had more than a chilling effect [on multifamily transaction volume in Montgomery County and Prince George’s County].”*

While MMHA understands the intent of this legislation and the need for the Maryland General Assembly to find long-term fiscal solutions, HB 1213 may continue to accelerate the decline in housing provider investment in Maryland and lead to a net loss of revenue from multi-family property sale transfer taxes. Given the outlined economic and legal concerns, MMHA would respectfully request an **unfavorable report** on House Bill 1213.

Please contact Matthew Pipkin, Jr. at (443) 995-4342 or [mpipkin@mmhaonline.org](mailto:mpipkin@mmhaonline.org) with any questions.

<sup>1</sup> Maryland House Environment and Transportation Committee. *State of Rental Housing*. Written and Presented by Aaron Greenfield, Esq. and Brian Anleu., 14 Jan. 2025.

[https://mgaleg.maryland.gov/meeting\\_material/2025/ent%20-%20133813519729648824%20-%20State%20of%20Housing%20Presentation%202025.pdf](https://mgaleg.maryland.gov/meeting_material/2025/ent%20-%20133813519729648824%20-%20State%20of%20Housing%20Presentation%202025.pdf)

<sup>2</sup> Picciotto, R. (2024, December 23). *Wall Street landlords loved these D.C. suburbs. Rent control ended that.* *The Wall Street Journal*. Retrieved from <https://www.wsj.com/real-estate/wall-street-landlords-loved-these-d-c-suburbs-rent-control-ended-that-a8f166cb>