



House Bill 1398 - State Transfer Tax - Temporary Suspension

Position: Support

Maryland REALTORS® supports HB 1398, to temporarily suspend state transfer tax collections while additional housing stock is brought to market.

Maryland’s housing market is constrained by a well-documented national “lock-in effect,” where homeowners with historically low mortgage interest rates are reluctant to sell because moving would require taking on significantly higher rates. As a result, many homeowners remain in properties that no longer fit their needs, limiting inventory and driving up prices for everyone.

HB 1398 is part of a broader national discussion about how to responsibly unlock housing supply and improve mobility. By temporarily reducing transfer taxes, the bill lowers one of the most significant upfront costs of moving—costs that cannot be rolled into a mortgage. This targeted, time-limited relief can help encourage transactions and free up existing housing stock.

There is precedent for this approach. During the housing crash, policymakers used financial incentives, including the federal first-time homebuyer tax credit, to help stabilize an imbalanced market and stimulate activity. Similarly, HB 1398 offers a bridge solution while longer-term supply strategies take effect. New housing construction will take years to meaningfully impact inventory. In the meantime, improving turnover in the existing market is critical.

We are also supportive of limiting the tax reduction to homeowners aged 65 and older, as this targets relief to those most likely to downsize or transition into housing that better meets their needs. This narrowly tailored approach helps balance fiscal responsibility with economic stimulus. Increased housing turnover generates broader economic activity — including home improvements, moving services, retail purchases, and professional services — that produce income and sales tax revenue. In addition, each transaction continues to generate local transfer and recordation taxes, helping support county governments.

By stimulating mobility within the existing housing stock, the policy can partially offset its upfront cost through expanded economic activity and continued local transaction tax collections. For these reasons, we respectfully request a favorable report on HB 1398.

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