



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

Committee: **Economic Matters**

Date: **March 3, 2026**

Position: **Unfavorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George’s counties. AOBA submits the following testimony in opposition of House Bill 1213.

The bill alters the State transfer tax rate on properties that are bought and sold in Maryland.

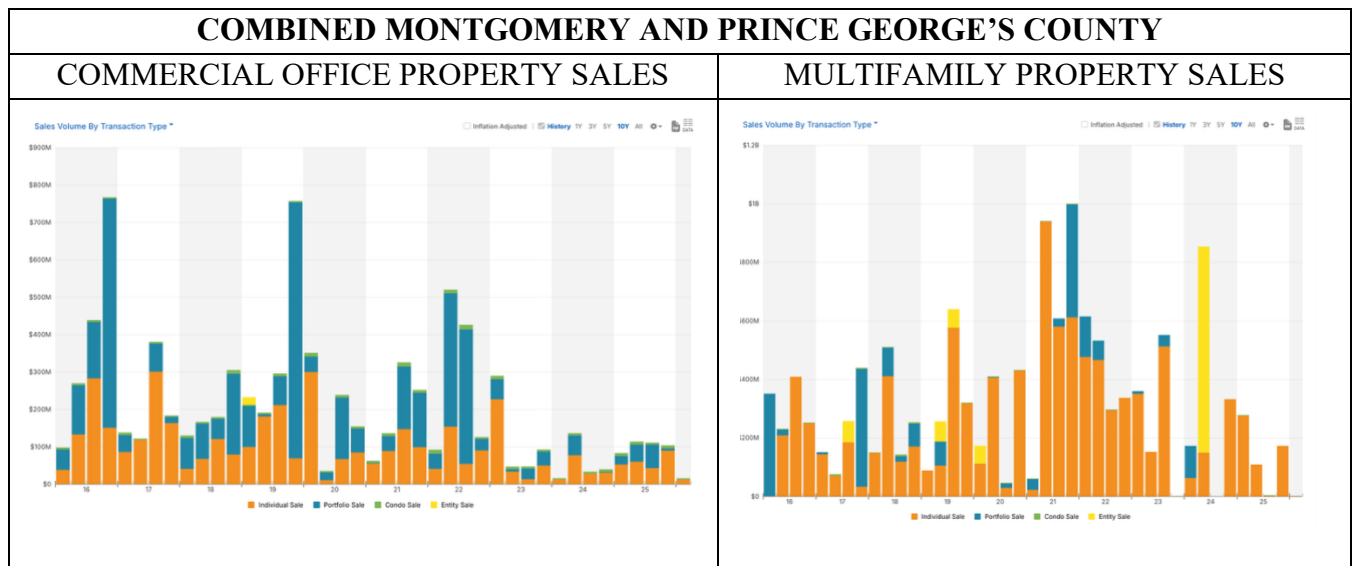
House Bill 1213 Transfer Tax Alterations	
COMMERCIAL OFFICE PROPERTY SALES	MULTIFAMILY PROPERTY SALES
0.375% on transactions under \$5,000,000	0.25% on transactions under \$1,000,000
0.5% on transactions between \$5,000,000 and \$10,000,000	0.375% on transactions between \$1,000,000 and \$5,000,000
1% on transactions between \$10,000,000 and \$20,000,000	0.5% on transactions between \$5,000,000 and \$10,000,000
1.25% on transactions between \$20,000,000 and \$40,000,000	0.75% on transactions between \$10,000,000 and \$20,000,000
1.5% on transactions at and over \$40,000,000.	1% on transactions between \$20,000,000 and \$40,000,000
	1.25% on transactions at and over \$40,000,000

AOBA members are in opposition to HB1213 because the bill, as drafted, raises the transfer and recordation tax from .5% up to a maximum of 1.25%. This is a 150% increase for most multifamily and commercial property sales. When property taxes go up permanently, buyers adjust the amount they are willing to pay. Over time, this means sellers receive less, buyers need more equity, and fewer transactions occur.



This point is not theatrical, regionally, Montgomery and Prince George’s Counties are already seeing large declines in the number of multifamily and commercial office building transactions due to the regulatory environment in both counties.¹ This can be seen in the fact that property sales in Montgomery and Prince George’s County are at a ten-year low since the enactment of rent control in 2023.

When returns are unpredictable, capital moves elsewhere. **It is important to remember that policies are not in a silo**, and the layering of regulations and tax increases create an unfavorable environment. An example of a layered policy that has devastating effects is rent control in Montgomery County and Prince George’s County, which has decimated the multifamily market.²



Furthermore, Maryland is competing with neighboring jurisdictions such as Virginia. Many of Virginia’s counties have distinct advantages as the state does not impose estate taxes, inheritance taxes, nor income taxes. Moreover, Virginia has a flat corporate income tax rate of 6 percent, which hovers around the national average but remains below its neighboring states. Finally, Virginia has a lower corporate tax rate, lower fuel energy taxes, and lower or no development impact taxes.

In the broader market, the multifamily residential industry is weak, and operating costs are rising. In 2022, the National Association of Home Builders (NAHB) and the National Multifamily Housing Council (NMHC) reported that, on average, complying with government regulations totaled 40 percent of the total development cost. Additionally, 87.5 percent of builders said they would avoid building in

¹ https://www.wsj.com/real-estate/wall-street-landlords-loved-these-d-c-suburbs-rent-control-ended-that-a8f166cb?reflink=desktopwebshare_permalink

² <https://montgomeryperspective.com/2026/01/06/moco-multifamily-permits-drop-96-percent-with-rent-control/>

jurisdictions with rent control.³ Unfortunately, this trend is beginning to materialize, as building permits in Montgomery and Prince George's County are falling significantly.⁴

That instability reduces investment, reduces lending, and ultimately slows economic activity. At a time when Maryland is working to attract capital and revitalize commercial corridors, this proposal moves in the opposite direction.

For these reasons, AOBA requests an unfavorable report on House Bill 1213. Please contact Hugo Cantu at hcantu@aoba-metro.org with any questions or concerns.

³ <https://www.nmhc.org/globalassets/research--insight/research-reports/cost-of-regulations/2022-nahb-nmhc-cost-of-regulations-report.pdf>

⁴ https://montgomeryplanning.org/wp-content/uploads/2025/10/MoCo-Economic-Indicators-Briefing-Q2-2025_Final.pdf

Differential Taxation Will Set Maryland's Economy Further Behind Virginia



Virginia relies on lighter regulations and lower property taxes to attract businesses, boosting economic growth. Maryland, however, is heavily regulated, creating an inhospitable business environment. **Here's why differential taxation could harm Maryland's economy:**

Maryland lags Virginia in business friendliness rankings and cost of doing business.

Category	Maryland Rank	Virginia Rank
State for Business	#32	#4
Business Friendliness	#37	#7
Cost of Doing Business	#46	#31

Maryland's tax structure already ranks among the worst in the nation.

Category	Maryland Rank	Virginia Rank
Overall Competitiveness	#46	#30
Corporate Taxes	#36	#18
Income Taxes	#47	#36
Property Taxes	#36	#24

Maryland's higher tax rates put it at a competitive disadvantage to Virginia.

Category	Maryland	Virginia
Corporate Income Tax Rate	8.25%	6%
Estate Tax	16%	NONE
Inheritance Tax	10%	NONE
Local Income Tax	3.2%	NONE

Maryland's commercial real estate is ailing, with vacancy rates well above the healthy 5-10% range.

Locality	Vacancy Rate	Square Feet
Baltimore City	12.5%	56.9 Million
Baltimore County	13.6%	40.7 Million
Frederick County	9.8%	9.9 Million
Howard County	13.6%	20.2 Million
Montgomery County	18.6%	74.7 Million
Prince George's County	14%	28.6 Million

Property Tax Increases will hurt Maryland's Economic Competitiveness.