



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

March 3, 2026

BILL NUMBER: HOUSE BILL 1398 – FIRST READER

SHORT TITLE: STATE TRANSFER TAX - TEMPORARY SUSPENSION

DEPARTMENT’S POSITION: OPPOSE

EXPLANATION OF DEPARTMENT’S POSITION

The Department opposes House Bill 1398 due to its potential fiscal impacts. The state transfer tax is a significant source of the Department’s special funds for operating expenses and capital programs. Suspending the state transfer tax for three fiscal years would result in the Department not having funds for staff salaries, Maryland Park Service operations, and the Department’s land conservation, recreation, and capital development and critical maintenance programs.

BACKGROUND INFORMATION

According to statute, the majority of funding for State land preservation and recreation programs is provided through the collection of a 0.5% State property transfer tax. This funding mechanism was designed to directly tie development to available funding for open space and recreational facilities for the public good. For the Department, the state transfer tax funds salaries of staff administering transfer tax programs, Forest and Park Service operations, Program Open Space Local, Program Open Space Stateside, the Baltimore City Direct Grant, the Rural Legacy Program, the Greenspace Equity Program, Program Open Space Public Access, and the Department’s capital development programs, including critical maintenance. These purposes and programs provide funds to acquire, manage, preserve, and develop lands throughout the state for public recreation, public access, and natural resource protection benefiting all Maryland residents.

The impact of suspending the transfer tax in FY 2027 – FY 2029 to the Department is that the Department would not have funding for salaries of filled positions throughout the Department, not have sufficient funding for park operations, decreased acres protected through land preservation programs, decreased grants to local governments, nonprofit organizations, and land trusts reducing the acres protected and capital projects funded, and decreased funding to maintain existing improvements or fund new improvements on DNR lands that will impact public access and the visitor experience. In just FY 2027 alone, the state transfer tax would provide over \$174 million to the Department for mission-critical work and to support state goals.

BILL EXPLANATION

HB 1398 suspends the imposition of the state transfer tax from July 1, 2026 - June 30, 2029.

Contact: Lydia McPherson, Director, Legislative and Constituent Services
lydia.mcpherson1@maryland.gov ♦ 410-260-8113 (office) ♦ 443-875-7785 (cell)