

Department of Legislative Services  
Maryland General Assembly  
2022 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1345 (Delegate Amprey)

Environment and Transportation and  
Ways and Means

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**Sales of Residential Real Property - Offers to Purchase and Transfer Tax**

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This bill imposes two measures to limit the purchase of single-home residential real property by large real estate investment companies. *First*, a person who offers a single-home residential real property for sale to a third party, for the first 30 days, may only accept an offer to purchase the property from an individual, a community development organization, a nonprofit organization, or a real estate enterprise that owns an interest in less than 10% of all residential real property located within the county in which the property is located. This restriction does not apply to a sale in an action to foreclose a mortgage, a deed of trust, or any other lien. *Second*, the State transfer tax rate is increased to 15% for the sale of a single-home residential real property to a real estate enterprise that has ownership interest in more than 120 single-home residential real properties or ownership interest in residential real property in the State with a total assessed value exceeding \$12 million. **The bill takes effect July 1, 2022.**

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**Fiscal Summary**

**State Effect:** State transfer tax revenues increase beginning in FY 2023 to the extent a higher transfer tax rate is applied to the purchase of single-home residential real properties.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The State transfer tax rate is 0.5% of the consideration payable for an instrument of writing (one conveying title to, or a leasehold interest in, real property);

however, in the case of a first-time Maryland homebuyer purchasing a principal residence, the transfer tax rate is 0.25%. State transfer tax revenues are paid to the Comptroller by the clerks of the circuit courts and the State Department of Assessments and Taxation (SDAT) and are used to fund several programs in the Department of Natural Resources, the Maryland Department of Agriculture, and the Maryland Department of Planning.

**State Fiscal Effect:** The bill is intended to limit the ability of large real estate investment companies from purchasing single-home residential real property within a jurisdiction. To the extent that the 15% transfer tax rate is applied to the purchase of a single-home residential real property, State transfer tax revenues increase beginning in fiscal 2023. According to SDAT, the median home price in fiscal 2021 totaled \$369,000 statewide. Under the bill, the State transfer tax rate imposed on certain large real estate investment companies would increase by approximately \$53,500 on each transaction based on the statewide median home price.

As a point of reference, the proposed State budget assumes \$355.0 million in total State transfer tax revenues in fiscal 2023.

Information on median home prices in each county is provided in the [Local Government Overview](#) report. A copy of the report is available on the Department of Legislative Services [website](#).

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; State Department of Assessments and Taxation; Department of Legislative Services

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