



**The Anne Arundel County Association of REALTORS® along with the Maryland REALTORS®, the Maryland Land Title Association and the Maryland Mortgage Bankers and Brokers Association OPPOSE HB933 (SB566).**

To be clear, we are not opposed to the idea of funding a Housing Trust—we are opposed to using an increase in transfer taxes and recordation taxes as the funding mechanism. We also believe that Anne Arundel real estate has, even recently, contributed enough money to the County’s revenues to fund a Housing Trust, should the County Administration choose to fund it. Finally, we question the timing of this proposal.

Revenues from transfer taxes are *extremely* volatile and have a negative impact on housing costs and economic development. If the economy and the real estate market are weak, revenues are low. Moreover, these depressed revenues occur precisely when the County would most need a stable revenue base to fund an increased demand for services. **This bill does not even have a cap** on how high the special transfer tax rate might be.

Currently, Anne Arundel real estate contributes almost \$1 billion/year to the County revenues.

At 2.2%, Anne Arundel has one of the highest rates in the State for total recordation taxes (.7%) and transfer taxes (1.5%) while Maryland itself ranks 5<sup>th</sup> in US for highest closing costs including taxes.

Anne Arundel leads the State in anticipated revenue increases for FY21, with a growth rate of 4.4%.

From FY2019 to FY2021, Anne Arundel County had the highest Average Annual increase of Property Tax Revenue in the State at 5.6%. This resulted in an additional \$86 Million in County revenues. Additionally, the existing transfer taxes and recordation taxes have contributed an additional \$300 million. And this doesn’t even include revenue from the Land Record Improvement Fund or additional revenues from the constant yield.

Maryland REALTORS are concerned because this is the fourth bill they have reviewed this session that calls for a transfer tax increase.

During Covid, Anne Arundel County real estate has been the golden goose for county revenues and has largely held up the County economy. It seems a particularly bad time to authorize an additional tax on real estate, especially since this Administration only recently raised both income taxes and property taxes.

Finally, the commercial real estate market is in tatters. Retail, restaurants, and entertainment facilities are failing. Office buildings are empty. Authorizing an additional tax to this already struggling sector would be a terrible idea.

Please do no harm. Vote No on HB933 (SB566).