



MEMORANDUM

TO: House Ways and Means Committee

FROM: Richard E. Levine

DATE: February 10, 2023

RE: Support- HB 371 – Recordation Tax – Indemnity Mortgage Exemption – Threshold Amount

I am a partner at the law firm of DLA Piper based in Baltimore where I focus on real estate and tax matters. Although my clients are based in Maryland, many engage in projects in other states. Maryland needs to be competitive with those other states in terms of taxes imposed when mortgages are recorded. Maryland has among the highest recordation taxes in the entire United States. The existing law in Maryland exempts certain mortgages of under \$3 million from the recordation tax. The \$3 million exemption has been in place for over a decade and has not been raised since then. House Bill 371 would raise this exemption from \$3 million to \$15 million. The \$3 million exemption needs to be raised to take into account all of the higher costs that have occurred over the last decade, including construction costs and costs of raw materials, supply chain issues and higher interest rates. The increase in the exemption will assist small businesses in financing of buildings that generate business in (and income taxes to) the State of Maryland. House Bill 371 will allow us to become more competitive relative to other states.