



2018

LEGISLATIVE PREVIEW

2018 MARYLAND GENERAL ASSEMBLY

The 2018 Maryland General Assembly convenes on Wednesday, January 10th.

This will be the last legislative session before the 2018 elections. Because state elections only take place every four years, much of the work in the 2018 legislative session will be influenced by the coming elections. As of late November, at least 2 State Senators will be challenged by Delegates in their own party, and two other State Senators will face opposition from delegates in the opposing party. Other delegates will be running for open Senate seats abandoned by Senators who are retiring or running for other offices. Finally, Maryland Republican and first REALTOR® Governor, Larry Hogan, will be running for reelection against the candidate that emerges from an 8 candidate Democratic Primary—one of whom is an influential State Senator.

As legislators debate important state issues, everything they act on will receive even greater scrutiny from political friends and foes. Mistakes and successes will be amplified. There may be hotly debated issues that the Maryland REALTORS® support or oppose, such as: making “source of income” a new protected class under Fair Housing law, or expanding septic system requirements. Much of the

REALTOR® legislative agenda will focus on important real estate and housing policies with lots of support from Democrats and Republicans.

FIRST-TIME HOMEBUYER SAVINGS ACCOUNT

As Congress debates scaling back the mortgage interest deduction and other important real estate incentives, Maryland REALTORS® want Maryland to join several other states in authorizing a tax free homebuyer savings account. These accounts would help first-time homebuyers pay downpayment and closing costs. First-time homebuyers could deposit up to \$50,000 in an investment account that could be a savings account, mutual fund or even stocks. The interest earned by that fund—up to \$150,000—would be exempt from state taxes as long as the money was used in the first-time purchase of a Maryland home. If the money was not used for a first-time home purchase, the holder of the account would be subject to the state tax and penalties.

ESCROW MONEY HELD BY THIRD PARTIES

More title companies and other third parties are holding real estate earnest money deposits that once were held almost exclusively by real estate brokers. While there is no legal prohibition against such companies holding earnest

money deposits, these third party companies are not subject to the same regulatory requirements as real estate brokers. Some companies may require agreement among the parties to establish an account and detail what happens with the money when a transaction falls apart, while other companies may provide little guidance to sellers and buyers. Consequently, the Maryland REALTORS® believe home sellers and buyers would benefit from state law providing basic rules on how the money is deposited, held and disbursed.

REAL ESTATE GUARANTEE FUND

The Maryland Real Estate Commission maintains the “Guarantee Fund” which compensates consumers when a real estate agent has violated his/her legal obligations. The Guarantee Fund is funded by real estate licensees when they apply for their initial licensing. The law also specifies that if the Fund falls below \$250,000, then all licensees will be assessed an additional fee to recapitalize it. Although the fund is not likely to fall below \$250,000 in the near term, the fund has experienced some large payouts. Given that the Real Estate Commission’s current budget is healthy, the Maryland REALTORS® would like to give the Commission authority to transfer up to \$500,000 from their general fund to the Guarantee Fund when it is close to falling below the statutory minimum. Such authority would help licensees avoid a special assessment if the

Commission’s general fund is already flush with real estate licensing fees.

BROKERAGE CONTROL UPON DEATH

The Maryland Brokerage Act provides direction regarding the continuation of a brokerage after the death of the broker but has no corresponding language providing direction when a broker is disabled. Other states have updated their statutes to address the disability of a broker so that if a broker is disabled, a family member has a period of time to attain a broker’s license and continue the business or sell the business.

SEPTIC SYSTEMS

Although the 2017 Maryland General Assembly rejected legislation that would have expanded the Best Available Technology (BAT) requirement for septic systems to new construction outside of Maryland’s Critical Areas, a work group has been studying potentially new septic initiatives. Like the BAT requirement, Maryland REALTORS® will pay careful attention to the cost of these proposals and their impact on housing affordability. 🇲🇩

If you are interested in voicing your support for the REALTOR® agenda, join hundreds of other REALTORS® on REALTOR® Lobby Day, Wednesday, January 17th. Watch for more detailed information about Lobby Day on the mdrealtor.org website and the Maryland REALTOR® Facebook page.