SUMMARY OF 2018
REAL ESTATE LEGISLATION
Maryland REALTORS®

AFFORDABLE HOUSING AND TAXES

HB 43 – Income Tax – Subtraction Modification – Perpetual Conservation Easements
STATUS: PASSED – Effective July 1, 2018 for taxable years after December 31, 2017
Creates a deduction against state income taxes for the first $50,000 in compensation received by a Maryland taxpayer for the sale of a perpetual conservation easement.

HB 198 – Inheritance Tax – Perpetual Conservation Easement – Farming Purposes – Exemption
STATUS: PASSED -- Effective July 1, 2018 for taxable years after December 31, 2017
Slightly expands exemptions under the inheritance tax. Under current law, lineal descendants, are not subject to the inheritance tax unlike non-direct (collateral) descendants. HB 198 allows nieces and nephews to be exempt from the tax as well if the property is used for farming purposes and is subject to a perpetual conservation easement.

HB 305/SB 158 – Homestead Property Tax Credit Program -- Eligibility Awareness
STATUS: PASSED – Effective October 1, 2018
Directs the State Department of Assessments and Taxation (SDAT) to identify homeowners who may be eligible for the Homestead Property Tax Credit Program and provide them information about how to apply with each assessment notice.

HB 308/SB 646 – Maryland Estate Tax – Unified Credit
STATUS: PASSED – Effective July 1, 2018
Freezes the value of the estate tax credit in Maryland at $5 million. The Maryland estate tax was scheduled to be unified with the federal estate exemption in 2019. The federal exemption was increased to over $11 million for individuals and $22 million for joint filers in last year’s tax reform legislation.

HB 365/SB 184 – Income Tax – Personal Exemptions – Alteration
STATUS: PASSED – Effective July 1, 2018
Allows Maryland taxpayers to continue to claim personal exemptions under state law. This helps Maryland taxpayers who lost the ability to deduct personal exemptions under the tax reform legislation passed by Congress.

HB 396/SB 354 – Local Government – Agricultural Land Preservation Fee
STATUS: NOT PASSED
Authorizes about 16 counties to impose an agricultural land preservation fee if the county has a Maryland Department of Planning (MDP) certification.
HB 463/SB 972 – Income Tax – Subtraction Modification – First-Time Homebuyer Savings Account
STATUS: NOT PASSED
Established a tax-free homebuyer savings account. Up to $5,000 a year can be contributed to an account and deducted from state taxes. Up to $50,000 total may be contributed or earned tax free if the money is used to pay downpayment or closing costs within 15 years of establishing an account.

STATUS: PASSED
Provides a small increase in the standard deduction for Maryland taxpayers ($250 for individuals and $500 for joint filers). The legislation also creates a cost-of-living adjustment for the deduction. The bill is expected to protect 80% of Maryland taxpayers from paying more state taxes due to the impact of federal tax reform legislation.

HB 586 – State Property Tax – Homestead Property Tax Assessment Cap Reduction
STATUS: NOT PASSED
Limited the increase in annual state property tax assessments to 5 percent. Current law limits the annual assessment increase to 10 percent.

HB 593 – Income Tax – Student Loan Tax Credit
STATUS: PASSED – Effective July 1, 2018 for taxable years after December 31, 2017
Expands the current Student Loan Debt Relief Tax Credit to include graduate school debt as well as undergraduate school debt. A Maryland taxpayer with at least $20,000 in loan debt and at least $5,000 in outstanding debt may apply for a tax credit of up to $5,000 each year.

HB 875/SB 733 – Protecting Maryland Taxpayers Act of 2018
STATUS: NOT PASSED
Authorized taxpayers to itemize tax deductions against the state income tax even if the taxpayer did not itemize deductions on the individual’s federal tax return. Like the increase in the standard deduction (HB 570), this legislation was intended to mitigate the impact of the federal tax reform legislation. In the end, the Committee chose to increase the standard deduction rather than create a state itemization for taxpayers taking the standard deduction federally.

HB 923 – Environment – Water and Sewer Service
STATUS: PASSED – Effective October 1, 2018
Enables local governments and water authorities to create assistance programs (e.g. payment plans and donation plans) for individuals struggling to pay water and sewer bills. Authorizes the local government and the water utilities to disconnect service when a property is determined to be vacant or unfit for human habitation.
HB 990 – Homestead Property Tax Credit – Notification on Acquisition of Property  
STATUS: PASSED – Effective July 1, 2018  
Requires the State Department of Assessments and Taxation (SDAT) to mail notice about the Homestead Property Tax Credit to individuals who purchase a home. Although every homebuyer may fill out a Homestead Property Tax Credit application at closing, not all homebuyers complete the application.

HB 1112/SB 951 – Tax Sales – Vacant and Abandoned Property  
STATUS: PASSED – Effective October 1, 2018  
Enables a local government to release any liens to certain vacant and abandoned property if the transferee can return the property to productive use within a “reasonable time.” Local governments may also withhold from tax sale certain property for redevelopment purposes if the property is vacant or unfit for habitation.

HB 1389/SB 1173 – Home Sprinkler and Fire Safety Assistance Fund – Pilot Program  
STATUS: NOT PASSED  
Authorized the Department of Housing and Community Development (DHCD) to establish a pilot program giving grants to low and moderate-income homebuyers purchasing affordable new single-family homes. The grants would have defrayed the cost of automatic fire sprinklers.

HB 1465/SB 952 – Tax Sales – Homeowner Protections  
STATUS: PASSED – October 1, 2018  
Authorizes local governments to withhold residential property from a tax sale if the taxes owed on the property are less than $750. Currently the law for most counties only provides this authority for property which owes less than $250. SB 952 also requires the local government to give the homeowner advice about where to access counseling to avoid tax sale and how to take advantage of state tax programs to minimize the amount of property tax payable on the property.

HB 1660 – Property Tax – Assessment Records of Real Property and Reassessment After Appeal  
STATUS: PASSED – Effective October 1, 2018  
If a court or appeals body reduces the property assessment, HB 1660 requires the State Department of Assessments and Taxation (SDAT) to describe in each property record why the reduction was ordered.

SB 10 – Property Tax Assessments – Physical Inspection of Property  
STATUS: PASSED – Effective June 1, 2018  
Clarifies when a physical inspection of a property is conducted by the State Department of Assessments and Taxation (SDAT). SB 10 targets physical inspections to specific types of valuations such as: new homes; renovations; targeted resales; and when an owner requests an inspection.
REAL ESTATE BROKERAGE AND CONTRACTS

**HB 55** – Business Occupations – Obligations of Real Estate Brokers – Voter Registration
**STATUS: NOT PASSED**
Required buyer’s agents to provide homebuyers with a voter registration application and information on the day of closing. The legislation made this requirement a mandatory duty under the Real Estate Broker’s Act.

**HB 64** – Business Occupations – Real Estate Appraisers – Payment by Real Estate Appraisal Management Companies
**STATUS: PASSED – Effective October 1, 2018**
Requires an appraisal management company to pay an appraiser within 45 days after completion of a valuation. The law previously required payment within 60 days. The bill also permits an administrative sanction for violating this requirement.

**HB 200** – State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors – Membership
**STATUS: PASSED – Effective October 1, 2018**
Clarifies that home inspectors appointed to the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors, need not be affiliated with a trade association.

**HB 255/HB 633/SB 578** – Secretary of State – Address Confidentiality Programs – Shielding of Real Property Records
**STATUS: PASSED – Effective January 1, 2019**
Establishes a process to shield the property records of a homebuyer who is a victim of domestic abuse or human trafficking. The Maryland Secretary of State would oversee the process to protect the confidentiality of the victim and manage access to the records in certain cases.

**HB 279** – Housing and Community Development – Homebuyer Education Requirements
**STATUS: PASSED – Effective October 1, 2018**
Provides additional flexibility for individuals who are required to take a homebuyer class as a requirement for financing. The bill permits loan recipients to take an on-line HUD-approved homebuyer education program for a loan associated with a HUD-approved product. The legislation would also allow a homebuyer education program certificate approved in one county to be used in another county.

**HB 985** – Task Force to Study Notary Laws and Remote and Electronic Notarization
**STATUS: NOT PASSED**
Created a Task Force to Study Electronic and remote Notarization of documents. The Task Force would have been charged to study other electronic notarization laws and make recommendations about the practice in Maryland.
HB 1241/SB 971 – Corporations and Associations – Recordation and Filing – Proof of Occupational or Professional License or Admission to Bar
STATUS: NOT PASSED
Would have required the State Department of Assessments and Taxation (SDAT) to require a notarized copy of an occupational license for most business filings.

HB 1257 – Residential Leases – Lease Option Agreements – Required Statements
STATUS: PASSED – Effective October 1, 2018
Clarifies that a person signing a lease option to purchase agreement is subject to an actual lease under Title 8 of the Real Property Article.

HB 1350/SB 1006 – Sea Level Rise Inundation and Coastal Flooding – Construction, Adaptation, and Mitigation
STATUS: PASSED – Effective July 1, 2018
Among other provisions, required a seller of property to disclose whether the property would be impacted by sea level rise and provide a map of how the property would be impacted. The bill also included other provisions affecting how state funds are spent on projects impacted by sea level rise. Although the bill passed, the real estate disclosure was removed from the bill.

STATUS: PASSED – Effective October 1, 2018
Requires a homebuilder of more than 10 homes to provide the purchaser with written information about any energy-efficient options and tax credits available for the property. The disclosure must occur prior to the execution of the contract.

HB 1482/SB 846 – State Real Estate Commission – Brokers – Business Succession in the Event of Disability
STATUS: PASSED – Effective October 1, 2018
Broadens the rules regarding business succession to brokers who are permanently disabled. Current law provides direction regarding the continuation of a brokerage after the death of the broker but had no corresponding language providing direction when a broker is disabled and unable to direct the company.

HB 1511 – Credit Regulation – Mortgage Brokers – Finder’s Fee
STATUS: PASSED – Effective October 1, 2018
Establishes that a mortgage broker may still collect a fee if the broker provides a refinance to an existing client within 24 months of procuring the original loan. Previously, a broker was unable to collect a fee for that work.

HB 1593/SB 1217 – Real Property – Mobile Home Parks – Notices to Residents
STATUS: PASSED – Effective July 1, 2018
Requires a mobile park owner to notify residents of a contract to sell the mobile home park. In addition, the park owner must notify residents of an increase in the rent at least 60 days before expiration of the current lease. The rent increase provisions only apply to the renewal of annual leases.
HB 1608 – Real Property – Trust Money – Escrow Trust Accounts
STATUS: NOT PASSED
Required most companies (including title companies) holding real estate earnest money deposits to follow the same escrow rules followed by real estate brokers.

HB 1656/SB 843 – State Real Estate Commission – Real Estate Guarantee Fund – Fund Transfer
STATUS: PASSED – Effective October 1, 2018
Provides budget flexibility to the Real Estate Commission to avoid unnecessary fee assessments on real estate licensees. Real estate licensees pay a separate guarantee fund payment when they apply for their initial licensing. That law specifies that if the Fund falls below $250,000, all licensees will be assessed an additional fee to recapitalize it. The legislation grants the Commission authority to transfer up to $500,000 from their general fund surplus to the Guarantee Fund when it is close to falling below the statutory minimum.

SB 621 – Real Property – Deletion of Ownership Restrictions Based on Race, Religious Belief, or National Origin
STATUS: PASSED – Effective October 1, 2018
 Creates an easier process to remove illegal covenants affecting race, religious belief or national origin from property records for community groups and homeowners. These covenants are already illegal, but many communities have trouble striking them from the land records. Directs Homeowners associations (HOAs) to remove these restrictive covenants from their governing documents by September 30, 2019. Exempts a restrictive covenant modification from the recording fee and court surcharge.

SB 755 – Credit Regulation – Escrow Accounts – Water and Sewer Facilities Assessments
STATUS: PASSED – Effective October 1, 2018
Authorizes lenders to create an escrow account for water and sewer fees associated with the property if requested by the borrower. Although authorized to establish an account, a lender is not required to create an account.

COMMON OWNERSHIP COMMUNITIES

HB 575 – Condominiums – Suspension of Use of Common Elements
STATUS: PASSED – Effective October 1, 2018
Authorizes the council of unit owners to “suspend the use of parking or recreational facility common elements by a unit owner that is more than 60 days delinquent in paying assessments.” To be effective, a council of unit owners must add this authority to their bylaws by a 60% vote of the unit owners.
HB 1158/SB 65/SB 1209 – Real Property – Regulation of Common Ownership Community Managers  
STATUS: NOT PASSED  
Established the creation, duties, composition, responsibilities and authority for the Maryland State Board of Common Ownership Community Managers within the Department of Labor, Licensing, and Regulation. The State Board would have overseen the licensing of Common Ownership Communities managers and provided a comprehensive solution to dealing with Homeowner Association and Condominium management issues.

LAND-USE, PROPERTY RIGHTS, AND THE ENVIRONMENT

HB 458 – Environment – Sale or Transfer of Home with On-Site Sewage Disposal System – Nitrogen Removal Technology Requirement  
STATUS: NOT PASSED  
Required all home sales in the Critical Area to install a new Best Available Technology (BAT) septic system whether the current system was working or not. Current law, only requires “failing” septic systems in the Critical Area to upgrade to a BAT system and does not target the Point of Sale (POS).

STATUS: NOT PASSED  
Required Best Available Technology (BAT) for many septic systems outside of Maryland’s Critical Areas if the new home was also within 1,000 feet of blue-line stream. The legislation would have significantly expanded the BAT requirement which is now limited to Maryland’s Critical Areas. The cost of BAT systems adds an additional $10,000 to build a new home while providing little water quality improvement for many systems outside the Critical Area.

HB 766/SB 610 – Natural Resources -- Forest Conservation Act – Standards and Requirements  
STATUS: NOT PASSED  
Expanded the amount of forest replacement required for many development projects under Maryland’s Forest Conservation Act. Among the provisions was a four-fold increase in tree replacement for certain projects in growth areas. The bill was eventually amended to a “study” of forest management policies.

HB 1155 – Environment – Soil Percolation Tests – Validity  
STATUS: NOT PASSED  
Specifies that a soil percolation test remains valid if the property already had a valid percolation test filed with the local government and the property had not been altered since the date of the percolation test.
**HB 1086** – Real Property – New Residential Construction – Correction of Drainage Defect  
STATUS: NOT PASSED  
Required a home builder to correct a drainage defect affecting a new home. The bill gave the owner 1 year to discover the defect and granted the builder 30 days to correct it.

**HB 1345** – Sewerage Systems – Residential Major Subdivisions in Tier III and Tier IV Areas  
STATUS: NOT PASSED  
Authorized additional growth in Tier III and IV areas under the Sustainable Growth and Agricultural Preservation Act if the county met significant county-wide preservation goals.

**HB 1363** – State Roads Commission – Eminent Domain – “Quick Take” Process on Behalf of the Department of Transportation  
STATUS: NOT PASSED  
Permitted “quick take” eminent domain authority to seize private property for “critical infrastructure” transportation projects. “Quick take” authority is an expedited process for seizing private property.

**HB 1390** – Land Use – Development Rights and Responsibilities Agreements – Enhanced Public Benefits  
STATUS: NOT PASSED  
Further defined “enhanced public benefit” under a development rights and responsibilities agreement (DRRA). It also required DRRAs to comply with laws passed after the creation of a DRAA. Court cases called into question some DRRAs in Frederick County which lead to the legislation limiting the benefit of DRRAs.

**HB 1604/SB 1081** – Business Regulation – Limited Residential Lodging  
STATUS: NOT PASSED  
Required homeowners, among other provisions, to register as a hotel/motel and comply with local laws if the homeowners listed property on sites like Airbnb.

**HB 1736/SB 1140** – Maryland Agricultural Land Preservation Foundation – Definition of Child  
STATUS: PASSED – Effective July 1, 2018  
Expands the “release of lot” provision under a MALPF easement to include a step-child. The law applies retroactively.

**HB 1765** – On-Site Sewage Disposal Systems – Watershed Implementation Plan and Bay Restoration Fund Disbursements and Financial Assistance  
STATUS: PASSED – Effective October 1, 2018  
Expands the use of the Bay Restoration fund so that a county which creates a Septic Stewardship Program can use up to 10% of the Bay Restoration funds granted to the county to pay for pump-outs of septic systems. A county pump-out program would have to meet state standards to qualify.
**SB 885** – Maryland Agricultural Land Preservation Foundation – Condemnation of Land Under Easement  
STATUS: PASSED – Effective June 30, 2018  
Changes the calculation of compensation when a MALPF easement is seized by condemnation. Rather than reimbursing the county or state programs the cost of the easement paid by MALPF, MALPF receives the fair market value which it must share with the owner of the property and any other entities that contributed to the acquisition of the easement.

**PROPERTY MANAGEMENT**

**HB 5** – Real Property – Residential Leases – Voter Registration  
STATUS: NOT PASSED  
Required landlords to provide tenants with a voter registration application and information on registering in the local jurisdiction.

**HB 304** – Environment – Reduction of Lead Risk in Housing – Elevated Blood Lead Levels  
STATUS: NOT PASSED  
Lowers the trigger level from 10 ug/dl to 5 ug/dl for children with elevated blood lead levels. The trigger level prompts notification to parents and property owners; risk reduction efforts; and case management.

**HB 472/SB 493** – Real Property – Residential Leases – Collectible Rent (Rent Transparency Act)  
STATUS: NOT PASSED  
Clarified that rent could include the payment of utilities if disclosed in the lease. Also provides that a landlord may not evict a tenant for nonpayment of a water bill less than $50. There have been conflicting legal opinions about whether utilities are considered rent payments and the bill sought to provide more certainty to the practice.

**HB 494/SB 555** – Safe Neighborhoods Act  
STATUS: NOT PASSED  
Reduced from 14 to 7 days the notice to a tenant who poses a "clear and imminent danger" to themselves or other tenants. In normal repossession actions, a landlord would be required to give a tenant 30 days’ notice.

**HB 545/HB 942** – Landlord-Tenant Action – Body Attachment – Prohibition (Jared Kushner Act)  
STATUS: NOT PASSED  
Prohibited body attachments for landlords in cases where a tenant owes less than $5,000 in rent. Body attachments are court orders compelling parties to show up in court and are typically ordered only after a party ignores previous court orders.
HB 580/SB 250 – Landlord and Tenant – Prohibited Lease Provisions – Late Fees for Tenants Receiving Government Benefits  
STATUS: NOT PASSED  
Protected tenants from late fees if their rent payment was late because their government benefits were paid late.

HB 1073/SB 468 – Landlord and Tenant – Residential Leases – Water and Sewer Bills  
STATUS: PASSED – Effective October 1, 2018  
Requires landlords of one to two dwelling units to provide to the tenant a copy of the water or sewer bill unless the tenant pays the bills directly to the utility providers. If the tenant pays the water and sewer fee directly to the landlord, the lease must state that the tenant is responsible for paying these fees.

HB 1372 – Consumer Protection – Consumer Contracts Renewal – Restrictions  
STATUS: NOT PASSED  
Created a redundant lease renewal provision in the Commercial Law Article despite a similar provision already existing in the Landlord and Tenant Article. These competing provisions would have added confusion to existing law.

HB 1491 – Public Service Commission – Repeal of Master Metering Authorization and Study on Energy Allocation Systems and Submetering  
STATUS: PASSED – Effective July 1, 2018  
Prohibits the Public Service Commission (PSC) from approving the use of a master meter without submeters. The authority to grant such master meters was passed in 2010 but has never been exercised by the PSC. In addition, the legislation directs the PSC to study changing master meters “to energy allocation systems or submeters in apartment buildings or complexes, condominiums, and housing cooperatives.”

SB 93 – Real Property – Wrongful Detainer Actions – Counterclaims and Cross Claims  
STATUS: NOT PASSED  
Authorized counterclaims and cross-claims in wrongful detainer court actions. Although current law does not permit counterclaims or cross-claims, defendants may file a separate civil action against the plaintiff.

SB 226 – Real Property – Wrongful Detainer and Distress Actions – Trial by Jury  
STATUS: PASSED – Effective October 1, 2018  
Clarifies that a jury trial may be requested for a wrongful detainer and distress of rent case if the case meets the “amount in controversy” requirement for jury trials.

COMMERCIAL

SB 999 – Recordation Tax – Exemptions  
STATUS: PASSED – Effective July 1, 2018  
Expands the exemption from the recordation tax for the refinancing of certain property when that property is owned by the same interests. The law had permitted such an exemption for a
limited liability company or corporation and will now include limited partnerships and statutory trusts.

**HB 1107 – Public Safety – Elevator Inspections – Testing and Apprenticeship Program**
**STATUS: PASSED – Effective October 1, 2018**
Requires that a third-party elevator inspector be physically present to observe the testing of elevators. The requirement is phased in over a three-year period and directs the Department of Labor, Licensing and Regulation (DLLR) to administer an apprenticeship program for inspectors.

**HB 1329/SB 1102 – Landlord and Tenant – Action for Repossession of Nonresidential Property – Service of Process**
**STATUS: PASSED – Effective October 1, 2018**
Codifies a practice common in commercial real estate allowing private process servers to serve commercial tenants who fail to pay rent. This common practice had been called into question by some judges.

**HB 1454/SB 967 -- Heritage Structure Rehabilitation Tax Credit – Commercial Rehabilitations – Affordable Housing**
**STATUS: PASSED – Effective July 1, 2018 for taxable years after December 31, 2017**
Provides an additional 5% credit for a rehabilitation that qualifies as affordable housing. Specifies that an expired or unclaimed credit may be reissued the following fiscal year, and expands the credit for projects that are comprised of multiple buildings

**MISCELLANEOUS**

**HB 243/SB 968 – Task Force on Rural Internet, Broadband, Wireless, and Cellular Service – Study and Extension**
**STATUS: PASSED – Effective June 1, 2018**
Extends the current Task Force by one year to November 30, 2018 in order to examine how to access federal assistance to improve internet, broadband, wireless and cellular services throughout all of rural Maryland.

**SB 363 – Vehicle-Miles-Traveled Tax and Associated Mandated Devices – Prohibition**
**STATUS: NOT PASSED**
Prohibited the State and local jurisdictions from imposing a transportation user fee based on vehicle miles traveled.

**HB 810/SB 728 – Public Safety – Battery Operated Smoke Alarms**
**STATUS: PASSED – Effective October 1, 2018**
Prohibits the sale of a battery-operated smoke alarm unless it is a sealed, tamper resistant unit with long-life batteries. Authorizes WIFI connected smoke alarms linked to alarm systems and authorizes the Fire Marshall to designate other systems as compliant.