SUMMARY OF 2019 REAL ESTATE LEGISLATION
Maryland REALTORS®

AFFORDABLE HOUSING AND TAXES

HB 20/SB 344 – State Agricultural Land Transfer Tax – Alternation of Nonagricultural Use Reduction and Exemptions
STATUS: PASSED – Effective July 1, 2019
The prior law eliminated the agricultural transfer tax five years after a property changed its agricultural property tax assessment and was sold for development. Under this bill, the transfer tax exemption each year steps up to a maximum of 65% after the change in the agricultural property assessment.

HB 41/SB 88 – Student Debt Relief Act of 2019
STATUS: NOT PASSED
Reduces student debt upfront by creating a new scholarship for Maryland students in need. The bill would have relieved student debt on the backend too by adding an income tax deduction for 100% of the interest paid on a qualifying student loan. The National Association of REALTORS® estimates student debt delays home purchasers for some buyers by 3-7 years.

HB 264 – Homestead Property Tax Credit – Calculation of Credit for Dwelling Purchased by First-Time Homebuyer
STATUS: NOT PASSED
Establishes a process for a first-time homebuyer to receive a homestead tax credit based on the previous property owner’s assessment. The additional homestead amount would phase out over a period of 6 years.

HB 327/HB 450/HB 598/SB 906 – Income Tax – Itemized Deductions
STATUS: NOT PASSED
Although the bills differed, each would have allowed a Maryland taxpayer taking the standard federal tax deduction to itemize their state taxes to benefit from certain federal deductions like the mortgage interest deduction and/or state and local property tax deductions.

HB 380/SB 265 – Income Tax Subtraction Modification – Mortgage Forgiveness Debt Relief – Extension
STATUS: PASSED – Effective June 1, 2019
Eliminates state income taxes on most forgiven mortgage debt. If the federal government passes mortgage debt tax relief, the state would follow federal tax rules. Otherwise, the state limits ax relief to $100,000 or $200,000 of forgiven debt depending on the whether the
taxpayer filed individually or as a couple. Importantly, the bill makes this a permanent state tax deduction.

**HB 396 – Property Tax – Optional Installment Payment Schedule**  
**STATUS: PASSED – Effective June 1, 2019 and applicable to tax years after June 30, 2019**  
Authorizes municipal and county governments to implement additional installment payments for property taxes. Current law now defaults to a semi-annual payment unless a taxpayer chooses otherwise.

**HB 406 – Wetlands and Waterways Program – State-Owned Lakes – Structural Shoreline Stabilization**  
**STATUS: PASSED – Effective October 1, 2019**  
Specifies that the application fee for a structural shoreline stabilization project on or adjacent to a State-owned lake may not exceed $250. The bill also requires the Department of Environment, in conjunction with the Department of Natural Resources, to identify up to three structural stabilization practices that may be implemented.

**HB 945 – Income Tax Credit – New Dwellings – Automatic Fire Sprinkler Systems**  
**STATUS: NOT PASSED**  
Grants a tax credit to a property owner who installs automatic sprinklers in a new home constructed after January 1, 2019. The credit would equal $1.25 per square foot of the property.

**HB 946/SB 359 – Maryland Estate Tax – Unified Credit**  
**STATUS: NOT PASSED**  
Unifies the state exclusion from the estate tax with the federal exclusions which were significantly increased. The state exclusion is only $5 million while the federal limit is currently $11.4 million.

**HB 956 – Income Tax – Lead Remediation Credit**  
**STATUS: NOT PASSED**  
Creates a tax credit for lead hazard reduction work up to a cap of $5,000 per unit. The total cost of the tax credits granted in a year could not exceed $500,000. Although the initial bill applied to properties throughout the state, the final bill limited the tax credit to Baltimore City properties but failed to pass in the Senate.

**HB 1141 – Qualified Maryland Housing Tax Credit**  
**STATUS: NOT PASSED**  
Creates a tax credit for housing developers who target a certain percentage of their units to individuals with lower incomes. The projects would also have to meet other “smart growth” criteria in terms of their location.

**HB 1178 – Department of Housing and Community Development – Social Housing Act of 2019**  
**STATUS: NOT PASSED**
Creates an over $2 billion program to construct “social housing” which must be publicly owned housing units that are available to individuals of all income levels.

**HB 1209** – Property Tax – Collection of Unpaid Taxes and Tax Sales
**STATUS: PASSED – Effective January 1, 2020**
Creates a “Tax Sale Ombudsman” within the State Department of Assessments and Taxation (SDAT). The Ombudsman would assist homeowners with understanding their rights when delinquent on their property taxes and would assist in connecting homeowners with resources to avoid tax sale.

**HB 1287/SB 632** – Housing – Community Development Program Act – Funding
**STATUS: NOT PASSED**
Designates that $5 million from the Abandoned Property Special Fund be transferred to the Community Development Program Fund (CDPF) which provides grants for affordable housing among other community projects.

**HB 1290/SB 583** – Income Tax – Affordable Housing Credit
**STATUS: NOT PASSED**
Creates a tax credit against the State income tax for the owner of a low-income housing project. The program would be capped at $8 million a year and follow other limits similar to those in the Federal Low-Income Housing Credit program.

**HB 1339/SB 654** – Property Tax Credit – Elderly Individuals – Eligibility
**STATUS: PASSED – Effective June 1, 2019 and be applicable to tax years after June 30, 2019**
Alters the local option property tax credit for elderly individuals by removing the requirement that the individual must have lived in the same dwelling for at least the preceding 40 years. Under the bill, local governments may designate a residency requirement of less than 40 years.

**REAL ESTATE BROKERAGE AND CONTRACTS**

**HB 22** – Occupational Licenses or Certificates – Application Determinations – Use of Criminal History
**STATUS: PASSED – Effective October 1, 2019**
States that an occupational license may not be denied to an applicant based solely on the applicant’s prior conviction if: at least 7 years has passed between completing all requirements of that conviction (including probation); and the applicant has not committed any other crime beyond a minor traffic violation.

**HB 123** – Real Estate Salespersons and Brokers – Provision of Real Estate Brokerage Services Through a Team – Use of “and Associates”
**STATUS: PASSED – Effective October 1, 2019**
Authorizes real estate teams to advertise using the term “and associates.”
HB 222 – Real Property – Residential Real Estate Transactions – Escrow Agents  
STATUS: PASSED – Effective October 1, 2019  
Requires certain persons holding escrow money (including title companies and attorneys) to have a written agreement with the buyer and seller. The agreement must include the following information: the amount of trust money offered and the date the escrow agent received it; the fact the escrow agent will notify the parties if there is no money backing the check; and the conditions under which the escrow agent may release the money. The current Escrow Agreement Form offered the Maryland REALTORS® and the Maryland Land Title Association complies with the law. The bill does not apply to real estate companies who already have requirements under law.

HB 557/SB 509 – Property Tax – In Rem Foreclosure and Sale – Vacant and Abandoned Property  
STATUS: PASSED – Effective October 1, 2019  
Creates an expedited tax sale process (judicial in rem) for vacant property or property that is unfit for human habitation.

HB 753/SB 956 – Real Property – Ground Leases – Past Due Ground Rent  
STATUS: NOT PASSED  
Permits title companies to stop escrowing three years’ worth of ground rent if the ground rent was never registered.

HB 816 – Financial Institutions – Maryland Mortgage Lender Law – Exemption  
STATUS: NOT PASSED  
Clarifies that an individual may provide “seller financing” on up to three properties during a calendar year.

HB 1228/SB 807 – State Real Estate Commission – Real Estate Brokerage Relationships, Continuing Education, and Disclosures  
STATUS: PASSED – Effective October 1, 2019  
Requires that information learned by a licensee in anticipation of forming a brokerage relationship is confidential and may not be disclosed without the written consent of the individual. The bill also seeks to combine three definitions of brokerage relationship under the law into two definitions. Finally, the bill clarifies a definition of dual agency.

HB 1230 – Transportation – Commercial Signs – Penalty  
STATUS: NOT PASSED  
Increases the fine on the placement of commercial signs in state highway right-a-ways from a maximum of $25 to a maximum of $1,000.

HB 1269 – Real Property – Wrongful Detainer – Emergency Hearing on Lease Agreement  
STATUS: NOT PASSED  
Authorizes an adjacent property owner to file a wrongful detainer action. Provides that the court must grant an emergency hearing to determine the validity of a lease in a wrongful detainer action.
HB 1386/SB 852 – Department of Labor, Licensing, and Regulation – Veterans and Military Service Members and Spouses – Occupational Licenses
STATUS: PASSED – Effective October 1, 2019
Clarifies that when a licensing body, such as the Real Estate Commission, issues an expedited license for a service member, veteran or military spouse, that it should do so within 60 days after receiving a completed application. The different licensing bodies must also post direction on how to apply for the license.

SB 25 – Real Property – Conservation Easements, Covenants, Restrictions, and Conditions – Recording Notice
STATUS: PASSED – Effective October 1, 2019
Clarifies that certain state agencies may file a notice of easement to ensure it falls within the time limits of title searches conducted on a property. The bill would affect agricultural easements, environmental trust easements, historical preservation easements, and natural resource easements among others.

SB 26 – State Department of Assessments and Taxations – Expedited Document Processing
STATUS: PASSED – Effective October 1, 2019
Authorizes the State Department of Assessments and Taxation to create additional fee levels when charging for expedited document requests. The bill is intended to provide additional levels of expedited service that will not cost as much as the current “same-day” expedited service.

SB 678 – State Government – Notarial Acts and Notaries Public
STATUS: PASSED – Effective October 1, 2020
Permits remote and electronic notarization by Maryland notaries. The bill increases standards for notaries, including taking a course to become a notary or renew notary credentials. The bill gives the Maryland Secretary of State two years to implement the bill requirements.

COMMON OWNERSHIP COMMUNITIES

HB 250/SB 374 – Real Property – Maryland Condominium Act – Priority of Liens
STATUS: NOT PASSED
Increases the priority lien for condominium communities from 4 months to 6 months. The bill would also permit the communities to include other charges in their priority lien, such as: attorney fees; late fees; interest charges; etc.

HB 655 – Real Property – Residential Rental Licensing – Common Ownership Community Fees
STATUS: NOT PASSED
Requires a unit owner in a Common Ownership Community (CoC) to note whether he/she is more than 60 days in arrears in paying the CoC fees when applying for a rental license from the local government.
**HB 737/SB 721** – Real Property – Common Ownership Communities – Registration  
**STATUS: NOT PASSED**  
Requires the registration of CoCs. The communities would be required to provide information about the type and number of units in the community and the contact information for the community manager if one exists.

**HB 826** – Condominiums and Homeowners Associations – Electric Vehicle Recharging Equipment (Electric Vehicle Recharging Equipment for Multifamily Units Act)  
**STATUS: NOT PASSED**  
Requires CoCs to approve a unit owner’s request to install recharging equipment for an electric car. The current unit owner (and subsequent owners of the parking spot with the electric charging equipment) would be required to pay for the installation cost and electricity usage.

**LAND-USE, PROPERTY RIGHTS, AND THE ENVIRONMENT**

**HB 120/SB 203** – Natural Resources – No Net Loss of Forest – Definition  
**STATUS: NOT PASSED**  
Changes the definition of "no net loss of forest" to mean 40% of all land in Maryland which is covered by forest rather than 40% of all land covered by “tree canopy.” Changing the measure of “tree canopy” to “forest land” limits available land for development. The bill did not pass, but the issue will be studied in HB 735/SB 729 highlighted below.

**HB 190** – Environment – Failing On-Site Sewage Disposal System – Definition  
**STATUS: PASSED – Effective October 1, 2019**  
Establishes a more uniform definition of a “failing” septic system, including whether the unit is backing up in the house, leaking, or generally increasing the chance of direct contact between people and sewage.

**HB 472** – Constitutional Amendment – Environmental Rights  
**STATUS: NOT PASSED**  
Provides in the Maryland Constitution that every person has certain environmental rights, including the preservation of the natural, scenic, historic, and aesthetic values of the environment. Any person would be able to sue to stop development if the development violated any of these rights.

**HB 735/SB 729** – Technical Study on Changes in Forest Cover and Tree Canopy in Maryland  
**STATUS: PASSED – Effective June 1, 2019**  
Authorizes a study of forests and tree cover throughout Maryland in consultation with state agencies and the Chesapeake Bay Program. The report is due to the Governor and the General Assembly on or before December 1, 2019.

**HB 840** – Environment – On-Site Wastewater Services – Regulation  
**STATUS: NOT PASSED**
Establishes the State Board of Wastewater Professionals. The purpose of the Board is to regulate individuals servicing wastewater systems and establishing standards for wastewater services.

**HB 1045 – Land Use – Comprehensive Plans – Housing Element**  
**STATUS: PASSED – Effective: June 1, 2020**  
Requires a mandatory housing element for comprehensive plans in Maryland. The housing element can include goals, objectives, and policies and must include the need for workforce and low-income housing. The provisions do not apply to any comprehensive plan updated before June 1, 2020.

**HB 1196 – Chesapeake and Atlantic Coastal Bay Critical Area – Buffer Establishment and Buffer Management Plan – Exemption**  
**STATUS: NOT PASSED**  
Expands an exemption from tougher buffer requirements on property in the Critical Areas. If the property had a dwelling unit that was in existence prior to July 1, 2010, the property would be subject to a potentially smaller buffer requirement at that time.

**HB 1220 – 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 1309/SB 876 – Aquaculture – Leases in Water Column – Riparian Right of First Refusal**  
**STATUS: NOT PASSED**  
Establishes that a riparian property owner shall have the right of first refusal to apply for and, if approved, obtain certain aquacultures leases in front of their property.

**SB 57 – Agriculture – County Agricultural Land Preservation Programs**  
**STATUS: PASSED – Effective July 1, 2019**  
Increases from 3 years to 6 years the amount of time in which a local government may spend money received from the termination of agricultural easements.

**SB 353 – On-Site Sewage Disposal Systems – Construction and Inspection Licenses**  
**STATUS: NOT PASSED**  
Requires a license from the Department of Environment for individuals who construct or service septic systems.

**PROPERTY MANAGEMENT**

**HB 70 – Public Safety – Rental Unit – Carbon Monoxide Alarms**  
**STATUS: NOT PASSED**
Clarifies that the requirement to install carbon monoxide alarms applies only to rental units with a device that emits carbon monoxide. This is consistent with how the Maryland State Fire Marshall interprets the current law.

**HB 451/SB 812 – Fair Housing Opportunities Act of 2019**  
**STATUS: NOT PASSED**  
Creates a new protected class for “source of income.” This provision would require landlords to accept federal housing vouchers even though these federal programs are voluntary.

**HB 473/SB 941 – Residential Leases – Definition of “Rent”**  
**STATUS: NOT PASSED**  
Defines “rent” -- for premises subject to a residential lease -- to mean the fixed periodic sum for use and possession of the leased premises and not additional costs like utilities. Many leases now leave it up to the owner and tenant to determine what is included in “rent.”

**HB 558 – Real Property – Residential Leases – Collectible Rent (Rent Transparency Act)**  
**STATUS: NOT PASSED**  
Clarifies that a landlord may collect certain fees and charges as rent provided the lease is written and proper notice is given. The bill also requires the lease to include notice of a ratio utility billing system if one is used to allocate certain utility charges. The bill is more consistent with current practices.

**HB 785/SB 715 – Residential Lease – Repair of Dangerous Defects – Relief**  
**STATUS: NOT PASSED**  
Changes the notice requirement so that a tenant can send an e-mail, text message or “other means” when notifying a landlord of a dangerous defect.

**HB 884/SB 533 – Sales and Use Tax – Short-Term Rentals**  
**STATUS: PASSED – Effective June 1, 2019**  
Clarifies that short-term rental platforms, like Airbnb, must collect and remit sales and use taxes.

**HB 1054 – Real Property – Leased Residential Property Registry**  
**STATUS: NOT PASSED**  
Requires the Department of Labor, Licensing and Regulation (DLLR) to maintain an on-line registry of leased residential property units. A landlord would have to submit a registration after a lease is signed along with a copy of the lease.

**STATUS: PASSED – Effective October 1, 2019**  
Lowers the trigger level under the state lead paint prevention laws from 10 micrograms per deciliter (ug/dl) to the blood lead reference level established by the United States Centers for Disease Control and Prevention. That rate is currently 5 ug/dl. Directs the Maryland Department of Environment to establish an environmental investigation protocol for
determining lead risks that would also be applied to rental property subject to the Lead Poisoning Prevention Program.
HB 375/HB 922/HB 1139/SB 37/SB 190 – Corporate Income Tax – Rate Reduction
STATUS: NOT PASSED
Numerous bills were introduced to lower the state corporate tax rate from 8.25% to as low as 6.25% over a number of years.

HB 729/SB 591 – Income Tax – Subtraction Modification – Qualified Business Income
STATUS: NOT PASSED
Establishes a subtraction modification against the State income tax equal to the amount of qualified business income deducted under Section 199A of the Internal Revenue Code. Currently, federal law permits up to a 20% reduction in certain qualified business income.

HB 926 – Income Tax – Carried Interest – Additional Tax
STATUS: NOT PASSED
Imposes a 17% tax rate on income related to investment management services (carried interests). Many real estate firms are structured and compensated this way. Provided an exemption for entities if at least 80% of the average fair market value of their assets “consist of real estate.”

HB 1260/SB 581 – Economic and Community Development Tax Credits – Opportunity Zone Enhancement Program
STATUS: PASSED – Different sections of the law take effect on different dates (June 1, June 30, July 1 of 2019 – Tax provisions apply to tax years after December 31, 2018)
Establishes the Opportunity Zone Enhancement Program within the Maryland Department of Commerce. Ties Opportunity Zones to existing tax credits (One Maryland Economic Development; Enterprise Zones; Biotechnology Incentives; Cybersecurity Incentives; and More Jobs for Maryland Programs) and enhances some of them. Extends many of the tax incentive programs for additional years.