TESTIMONY OF *THE GREATER CAPITAL AREA ASSOCIATION OF REALTORS*®
BEFORE THE MONTGOMERY COUNTY COUNCIL ON
Bill 10-17, "Recordation Tax—Rates and Amendments*"*
April 25, 2017

This testimony is on behalf of the Greater Capital Area Association of REALTORS®. GCAAR represents nearly 10,000 REALTORS® and real estate professionals. We are also the voice for *thousands* of buyers, sellers and homeowners. GCAAR appreciates the Council revisiting the issue of possible ways to lower recordation taxes, and we support lowering recordation taxes from $500k to under $1m within Bill 10-17.[1]

Overall, GCAAR maintains a commitment to the inherent value of homeownership and the consistent positive force it has in our communities. We believe homeownership is the best opportunity for people to securely plant their roots into Montgomery County, maintain stability and gain financial freedom. In the long term, homeowners across the economic spectrum will contribute immensely to Montgomery County's revenue streams via the taxes they pay and local businesses they support. This leads to greater resources for social services, transportation and schools– to name a few.

Unfortunately, the rising cost of housing in the County have made it unaffordable for most residents to purchase a home, especially in comparison to other local jurisdictions. GCAAR has been seriously concerned that instead making homeownership viable, all we have seen over the past few years are initiatives that move us further from this goal.

Specifically, I came before you last when this Council pushed through a nearly $200 million recordation tax increase on homeownership in less than a month's time. To make matters worse,

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[1] **GCAAR must emphasize, if the recordation tax rate structure has more than the current number of tiers, this may pose certain technical necessities that would need to be put in place by our industry to properly administer the rates. GCAAR would like to have a more detailed conversation about ensuring accurate implementation of a multi-tiered system with the Council and members of the real estate community on these technical issues such as a later implementation date to allow the industry to make any necessary changes.**

the County's recordation taxes were already amongst the **highest in the country**.   That surge in tax rates presented immediate challenges to residents across the County, particularly those first-time homebuyers who already found themselves having immense difficulty putting together their final closing costs.

Today, we find ourselves evaluating a Bill whose effect would be to nominally reduce and return the recordation tax rate to its' previous level prior to last year's increase for transactions more than $500,000 but less than $1,000,000. We approximate this group the measure would reduce their recordation tax costs by a couple hundred dollars.

As we often stress, while a few hundred dollars may not seem like much for lawmakers dealing with millions of tax dollars, this adds up very quickly for working families. In fact, the down payment is often the greatest impediment for homeownership. GCAAR is supportive of the part of Bill 10-17 that lowers recordation taxes from $500k to under $1m because we firmly believe this relatively small benefit could have a worthy impact. The folks who are now tapping into the last of their savings could find relief in saving even a small amount of additional dollars.

Further, we recommend lowering recordation taxes for future homeowners across the board. GCAAR is able and willing to sit down and work with you and any another other interested school stakeholders on finding funding mechanisms for our most critical priorities such as MCPS. If the County needs more revenue, we can all work together on broader solutions.

In conclusion, GCAAR respectfully asks you to lower the high cost of the Montgomery County's recordation taxes to make homeownership more attainable. Specifically, we believe returning the rate to what it was previously for recordation taxes at the $500k to under $1m price point is a positive start.