

REAL ADVOCACY FOR REALTORS®

GCAAR'S PUBLIC POLICY BRIEF

June 7, 2019

Montgomery County

Maryland General Assembly Recap - Real Estate Industry-Related Legislation

After each 90-day State legislative session, Maryland REALTORS® release a summary of important bills that were reviewed by their legislative committee and how they fared in the legislature. You can find the full list of those bills [here](#).

Here are three major pieces of legislation that passed and will affect the real estate industry and marketplace:

Income Tax Subtraction Modification – Mortgage Forgiveness Debt Relief – Extension (Effective June 1, 2019)

This bill eliminates state income taxes on most forgiven mortgage debt. Unless the federal government passes mortgage debt tax relief, the state limits tax relief to \$100,000 (individual) or \$200,000 (couple) of forgiven debt. Importantly, this has been made a permanent state tax deduction.

Real Property – Residential Real Estate Transactions – Escrow Agents (Effective October 1, 2019)

A Maryland REALTOR® priority, this bill requires certain persons holding escrow money (including title companies and attorneys) to have a written agreement with the buyer and seller. The current Escrow Agreement Form offered by 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.

Economic and Community Development Tax Credits – Opportunity Zone Enhancement Program (Different sections of the law take effect on different dates)

This bill 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.



Maryland Board of Public Works Moves I-270/I-495 Plan to Next Phase

On Wednesday, June 5 the Maryland Board of Public Works - made up of Governor Larry Hogan, Comptroller Peter Franchot, and Treasurer Nancy Kopp - voted to change the phasing of the project and advance the I-270/I-495 Program to the newly-scheduled Phase I. Treasurer Kopp voted against the motion to advance the project.



The new phasing schedule will be: Phase 1 - Northern Section of I-270, Phase 2 - Montgomery County portion of I-495, and Phase 3 - Prince George's County portion of I-495.

During this meeting the Board solicited comments from 40 speakers from across the State, in addition to input from State Highway Administrator Greg Slater and Department of Environment Secretary Ben Grumbles. The speaker list included Montgomery County Executive Marc Elrich and Montgomery County Council Transportation Committee Chair Tom Hucker.

GCAAR's Public Policy Committee has been following the project since its introduction by the Governor, but has not yet taken a formal position. The Committee will continue to monitor it and review pertinent facts as it moves forward.

District of Columbia

Real Estate Guaranty Fund Replenished



The Real Estate Guaranty Fund is a consumer protection tool that provides financial compensation to consumers who have been wronged in a real estate transaction. Though the source of the monies in the Fund is DC real estate licensing fees, the money in the fund has at times been taken by the DC government during budget season and used for other purposes.

Thanks to a substantial response to a DC Association of REALTORS® (DCAR) Call For Action on this issue, the DC Council replenished the Fund with \$600,000 for 2020. As a result, DC real estate licensees have been saved from potentially massive fee increases.

Property Tax Hike Update



The DC Council briefly considered adding an emergency amendment to the 2020 budget that would have increased annual fees on homes valued at \$1 million or more.

Again, a tremendous response to a DCAR Call For Action persuaded the Council to drop the proposed amendment. Instead, Councilmember David Grosso has introduced a bill that, while less restrictive than the previous proposal, would still increase annual homeowner fees for many DC residents. You can read his [press release here](#).

This is a matter our Government Affairs team will be working on over the summer. Stay tuned for updates.

Email your feedback or stories to mdlegislative@gcaar.com or dclegislative@gcaar.com.

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