

HOUSE BILL 1371

Q7

8lr3454

By: **Delegates M. Washington, Beidle, Chang, Ebersole, Ghrist, Hornberger, Lierman, McCray, Patterson, Simonaire, and Turner**

Introduced and read first time: February 9, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation Tax – Collection by State Department of Assessments and Taxation**
3 **– Distribution**

4 FOR the purpose of altering the distribution of revenue from certain recordation taxes
5 collected by the State Department of Assessments and Taxation; requiring the
6 Comptroller, in consultation with the Department, to hire an independent certified
7 public accountant to perform an audit of the distribution of certain revenue;
8 requiring that the audit be completed by a certain date; requiring the Comptroller,
9 under certain circumstances, to pay a certain amount to certain counties from a
10 certain account; and generally relating to the distribution of revenue from the
11 recordation tax.

12 BY repealing

13 Article – Tax – Property

14 Section 12–110(d)

15 Annotated Code of Maryland

16 (2012 Replacement Volume and 2017 Supplement)

17 BY adding to

18 Article – Tax – Property

19 Section 12–110(d)

20 Annotated Code of Maryland

21 (2012 Replacement Volume and 2017 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That the Laws of Maryland read as follows:

24 **Article – Tax – Property**

25 12–110.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [(d) (1) The Department shall deduct the cost of administering the recordation
2 tax from the taxes collected under this title and credit those revenues to the fund
3 established under § 1–203.3 of the Corporations and Associations Article.

4 (2) After deducting the revenues required under paragraph (1) of this
5 subsection, the recordation tax collected under §§ 12–103(d) and 12–117 of this title shall
6 be paid to the Comptroller. The Comptroller shall distribute the revenue to the counties in
7 the ratio that the recordation tax collected in the prior fiscal year in each county bears to
8 the total recordation tax collected in all counties in that year.]

9 **(D) (1) THE DEPARTMENT SHALL REMIT THE RECORDATION TAX
10 COLLECTED UNDER §§ 12–103(D) AND 12–117 OF THIS TITLE AND ANY SUPPORTING
11 DOCUMENTS TO THE COMPTROLLER.**

12 **(2) FROM THE REVENUE RECEIVED, THE COMPTROLLER SHALL:**

13 **(I) DEDUCT THE COST TO THE DEPARTMENT OF COLLECTING
14 THE RECORDATION TAX UNDER §§ 12–103(D) AND 12–117 OF THIS TITLE; AND**

15 **(II) DISTRIBUTE THE REMAINDER OF THE REVENUE TO THE
16 COUNTY IN WHICH:**

17 **1. ANY ENTITY THAT IS PARTY TO THE ARTICLES OF
18 TRANSFER, ARTICLES OF MERGER, OR ARTICLES OF CONSOLIDATION HAS A
19 PHYSICAL PRESENCE; OR**

20 **2. THE REAL PROPERTY THAT IS DIRECTLY OR
21 BENEFICIALLY OWNED BY A REAL PROPERTY ENTITY IS LOCATED.**

22 **(3) (I) IF THERE IS MORE THAN ONE COUNTY ELIGIBLE TO
23 RECEIVE A DISTRIBUTION UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION, THE
24 COMPTROLLER SHALL DIVIDE THE REVENUE EQUALLY AMONG THE ELIGIBLE
25 COUNTIES.**

26 **(II) THE COMPTROLLER SHALL DISTRIBUTE ANY REVENUE FOR
27 WHICH THERE IS NO COUNTY ELIGIBLE TO RECEIVE THE DISTRIBUTION UNDER
28 PARAGRAPH (2)(II) OF THIS SUBSECTION TO THE FUND ESTABLISHED UNDER §
29 1–203.3 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.**

30 SECTION 2. AND BE IT FURTHER ENACTED, That:

31 (a) This section applies to Anne Arundel County, Baltimore City, Caroline
32 County, Cecil County, and Howard County.

1 (b) (1) The Comptroller, in consultation with the State Department of
2 Assessments and Taxation, shall hire an independent certified public accountant to
3 perform an audit of the distribution of recordation tax revenue under § 12-110(d) of the
4 Tax – Property Article for fiscal years 2010 through 2016.

5 (2) The audit required under paragraph (1) of this subsection shall be
6 completed by July 1, 2019.

7 (c) If the audit under subsection (b) of this section determines that a county to
8 which this section applies received an underpayment of recordation tax revenue, the
9 Comptroller shall pay the amount due to the county from the Local Reserve Account
10 established to comply with § 2-606 of the Tax – General Article.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2018.