

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1362
Ways and Means

(Delegates Lisanti and Johnson)

Harford County - Transfer Tax - Distribution of Proceeds

This bill alters the distribution of Harford County transfer tax revenues so that revenues are distributed in a manner determined by the Harford County Council. Under current law, 50% of transfer tax revenues are dedicated to the county's agricultural land preservation program and 50% are dedicated to fund school construction projects. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: The bill allows for the reallocation and use of Harford County transfer tax revenue but does not alter the tax rate or amount to be collected. However, current programs may receive more or less funding in future years.

Small Business Effect: None.

Analysis

Current Law: The Harford County transfer tax rate is 1%. County transfer tax revenues must be allocated as follows: 50% for agricultural land preservation and 50% for school construction (including associated debt service costs).

Background: The Harford County fiscal 2020 operating budget includes \$9.65 million in transfer tax revenues for agricultural land preservation and the county fiscal 2020 capital budget includes the same amount (\$9.65 million) for school construction.

Harford County indicates that as of June 30, 2019, the county's total school construction debt was \$344.8 million and agricultural preservation debt was \$43.6 million.

Local Fiscal Effect: Beginning in fiscal 2021, transfer tax revenues will be used in a manner determined by the Harford County Council. As such, funding for agricultural land preservation and school construction may change depending on the determination of the county council.

Additional information on local transfer tax rates and revenues can be found in the [County Revenue Outlook report](#). A copy of the report is available on the Department of Legislative Services website.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Harford County; Public School Construction Program; Maryland Department of Agriculture; Department of Legislative Services

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