

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1454
Ways and Means

(Howard County Delegation)

Budget and Taxation

Howard County - Transfer Tax - Rate Increase Authorization
Ho. Co. 26-20

This bill authorizes Howard County to increase the local transfer tax rate above the 1% required rate. The additional revenue must be used for specified purposes. In addition, the bill exempts the conveyance of moderate income housing units from the county transfer tax. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Howard County transfer tax revenues may increase beginning in FY 2021 to the extent the county government increases the transfer tax rate. County expenditures are not directly affected.

Small Business Effect: None.

Analysis

Bill Summary: Howard County is authorized to set a local transfer tax rate above the 1% required rate. The additional revenue proceeds must be distributed to the county general fund and used for the following purposes:

- 25% for capital projects for the Howard County Public School System;
- 25% for capital projects for the Department of Recreation and Parks;

- 25% for community improvement and housing programs primarily serving low-income individuals and families and the homeless and for urban renewal; and
- 25% for the acquisition or leasing of land for new fire house sites and training facilities and the construction and maintenance of fire house and training facilities, the acquisition and maintenance of fire equipment, and supplementation of financial needs of fire companies.

Current Law: The Howard County transfer tax rate must be set at 1.0%, with the revenue proceeds distributed as follows:

- 25% to the School Site Acquisition and Construction Fund;
- 25% to the Park Land Watershed Facilities Fund; and
- the remainder to the county general fund, with the stipulation that the county council use the funds as follows:
 - 50% for the Howard County Agricultural Land Preservation Fund;
 - 25% for community improvement and housing programs primarily serving low income individuals and families and the homeless and for urban renewal; and
 - 25% for the acquisition or leasing of land for new fire house sites and training facilities and the construction and maintenance of fire house and training facilities, the acquisition and maintenance of fire equipment, and supplementation of financial needs of fire companies.

Background: Howard County is projected to collect \$30.0 million in transfer tax revenues in fiscal 2020. 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.

Local Fiscal Effect: Howard County transfer tax revenues increase to the extent the county government decides to raise the county transfer tax rate above the 1% current rate. The amount of the overall revenue increase depends on the transfer tax rate set by the county government. As a point of reference, a transfer tax rate increase of 0.25% will yield approximately \$7.5 million in additional revenue.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Howard County; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2020
rh/hlb Third Reader - March 15, 2020
Revised - Amendment(s) - March 15, 2020

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