

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 933

(Delegate Bartlett)

Environment and Transportation

Budget and Taxation

Anne Arundel County – Transfer Tax – Housing Trust Special Revenue Fund

This bill authorizes Anne Arundel County to increase the county transfer tax rate on a written instrument conveying the title to real property or a leasehold interest in real property if the actual consideration is \$1.0 million or more. An increased transfer tax rate does not apply when a title or leasehold interest is conveyed for real property that provides affordable housing for moderate- or low-income individuals in the county, including the City of Annapolis. The bill establishes the Housing Trust Special Revenue Fund to be used to provide affordable housing to moderate- and low-income individuals in the county, including the City of Annapolis. The bill requires any revenue generated from a transfer tax rate in excess of 1%, as well as any revenue attributable to a special recordation tax rate on instruments of writing for which the consideration is \$1.0 million or more, to be paid to the Housing Trust Special Revenue Fund. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County special fund revenues increase beginning in FY 2022, depending on whether the county imposes a higher transfer tax rate on property transfers with a value of \$1.0 million or more. The potential revenue increase could be significant. County expenditures for affordable housing increase by a commensurate amount.

Small Business Effect: Minimal.

Analysis

Current Law: The local transfer tax rate is set by State law. In Anne Arundel County, the local transfer tax rate is set at 1.0%, with estimated revenues totaling \$49.0 million in fiscal 2021. Anne Arundel County, and all counties, already have the authority to change the local recordation tax rate and charge different rates depending on the amount of consideration paid. In Anne Arundel County, the local recordation tax rate is set at \$3.50 per \$500 of transaction, with estimated revenues totaling \$46.0 million in fiscal 2021.

Additional information on local transfer and recordation tax rates and revenue amounts for Maryland local governments can be found in the [County Revenue Outlook](#) report. A copy of the fiscal 2021 report can be found on the Department of Legislative Services [website](#).

Local Fiscal Effect: Anne Arundel County special fund revenues and expenditures increase beginning in fiscal 2022, depending on whether the county imposes a higher transfer tax rate on property transfers with a value of \$1.0 million or more. The potential revenue increase could be significant. Anne Arundel County advises that between 5% and 7% of all property transfers each year are valued at \$1.0 million or more. County expenditures for affordable housing increase by a commensurate amount.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 566 (Senator Elfreth)(By Request - Anne Arundel County Administration) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 15, 2021
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