

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 69 (Senator Haines)
Budget and Taxation

Recordation Tax - Payment and Collection

This bill allows the county tax collectors, rather than the clerks of the courts, to collect recordation taxes beginning in fiscal 1997. In fiscal 1997 only, the counties, except Prince George's, must remit to the Comptroller's Office a fee equal to the fee that the clerks of the courts currently deduct.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Annual decrease in general fund revenues of \$3.9 million beginning in fiscal 1997, assuming all counties decide to collect the taxes themselves. Expenditures not affected.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0.0	(\$3.9)	(\$3.9)	(\$3.9)	(\$3.9)
GF Expenditures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Effect	\$0.0	(\$3.9)	(\$3.9)	(\$3.9)	(\$3.9)

Note: () - decrease; GF - general funds

Local Effect: Potential annual \$3.9 million increase in revenues. Expenditures not affected.

Fiscal Analysis

State Revenues: This is authorizing legislation. State revenues will only be affected to the extent that local governments use the authority.

The clerks of the courts now collect the county recordation taxes in all counties, except Prince George's, where they are collected by the county Director of Finance. In fiscal

1995 approximately \$119.6 million of recordation taxes were collected. Assuming that the housing market remains relatively stable for the next several years, the recordation tax receipts also should remain stable.

The clerks of the courts receive fees ranging from 2.5% to 5% for collecting the tax. Exhibit 1 (attached) shows the amount of taxes collected, the percentages of the fees, and the amount of the fees remitted to the state's general fund for each county. Under the provisions of this bill these fees would not be applicable after fiscal 1997, and the state general funds would decrease by \$3,930,900 annually beginning in fiscal 1998. This assumes that all counties decide to collect the recordation taxes.

State Expenditures: While the clerks of the courts would not be collecting the recordation taxes, they still would be responsible for recording the instruments of writing and security agreements. Therefore, it is doubtful that the clerks' workload would decrease by an amount sufficient enough to affect expenditures.

Local Revenues: The Department of Fiscal Services assumes that all counties would avoid the clerks' fees by having the county collector collect the recordation taxes. Therefore, county revenues would increase cumulatively by \$3,930,900 beginning in fiscal 1998 as shown in the attached exhibit.

Local Expenditures: The Department of Fiscal Services assumes the workload of the county tax collectors would not increase by an amount sufficient enough to affect county expenditures.

Information Source(s): Judiciary (Administrative Office of the Courts), Allegany County, Baltimore City, Wicomico County, Department of Fiscal Services

Fiscal Note History: First Reader - January 17, 1996

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