

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 141 (Delegate Gordon)

Ways and Means

Recordation and Transfer Taxes - Transfers Between Spouses and Former Spouses

This bill repeals the requirement that a property transfer between spouses or former spouses be in accordance with a property settlement or divorce decree to be exempt from recordation and transfer taxes.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: Minimal decrease in special fund revenues beginning in FY 1999. Expenditures are not affected.

Local Effect: Minimal decrease in local revenues beginning in FY 1999. Expenditures are not affected.

Small Business Effect: None.

Fiscal Analysis

State Revenues: State transfer tax revenues could decrease depending on the number of property transfers between spouses that are not already exempt under current law. Current law exempts 100% of the consideration on transfers between spouses or former spouses in accordance with a property settlement or a divorce decree as well as the principal amount of debt that is assumed by a spouse or former spouse. The State transfer tax rate is 0.5% of the value of consideration paid, and revenues are dedicated to Program Open Space, the Rural Legacy Program, the Agricultural Land Preservation Fund, and the Heritage Preservation Fund. While it is unknown how many taxable transfers between spouses or former spouses are recorded, it is assumed that any decrease in transfer tax revenues would be minimal.

Local Revenues: As with State transfer tax revenues, local recordation and transfer tax revenues could decrease depending on the number of property transfers between spouses that are not already exempt. **Exhibit 1** provides a listing of local recordation and transfer tax rates for fiscal 1998. County recordation tax rates range from \$1.65 per \$500 of consideration in Somerset County to \$5.00 per \$500 of consideration in Charles County. A total of 17 counties impose a transfer tax, with rates ranging from 0.2% in Allegeny County to 6% in Montgomery County. While local recordation and transfer tax revenues may decrease, it is assumed that any decrease in revenues would be minimal.

**Exhibit 1
Local Recordation and Transfer Tax Rates
Fiscal 1998**

| County | Recordation Tax Rate per \$500 of consideration | Transfer Tax Rate |
|-----------------|---|-------------------|
| Allegeny | \$2.20 | 0.2% |
| Anne Arundel | 3.50 | 1.0% |
| Baltimore City | 2.75 | 1.5% |
| Baltimore | 2.50 | 1.5% |
| Calvert | 3.30 | 0.0% |
| Caroline | 3.30 | 0.5% |
| Carroll | 3.50 | 0.0% |
| Cecil | 2.20 | 0.0% |
| Charles | 5.00 | 0.0% |
| Dorchester | 3.30 | 1.0% |
| Frederick | 3.50 | 0.0% |
| Garrett | 3.50 | 1.0% |
| Harford | 3.30 | 1.0% |
| Howard | 2.50 | 1.0% |
| Kent | 3.30 | 0.5% |
| Montgomery | 2.20 | 1%-6% |
| Prince George's | 2.20 | 1.4% |
| Queen Anne's | 3.30 | 0.5% |
| St. Mary's | 3.30 | 1.0% |
| Somerset | 1.65 | 0.0% |
| Talbot | 3.30 | 1.0% |
| Washington | 3.80 | 0.0% |
| Wicomico | 2.30 | 0.5% |
| Worcester | 3.30 | 0.5% |

Source: Department of Legislative Services

Information Sources: Department of Assessments and Taxation, Judiciary, Department

of Natural Resources, Comptroller of the Treasury (Bureau of Revenue Estimates),
Department of Legislative Services

Fiscal Note History: First Reader - February 10, 1998

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