

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

House Bill 274 (Delegates O'Donnell and Owings)

Ways and Means

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**Recordation and Transfer Taxes - Transfers Between Relatives**

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This bill expands the recordation and transfer tax exemption for transfers between relatives of the immediate family to include stepchildren, stepparents, stepchildren-in-law, stepparents-in-law, and stepgrandchildren.

The bill is effective July 1, 1999.

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**Fiscal Summary**

**State Effect:** Indeterminate minimal decrease in special and general funds beginning in FY 2000. Expenditures would not be affected.

**Local Effect:** Indeterminate minimal decrease in county revenues beginning in FY 2000. Expenditures would not be affected.

**Small Business Effect:** None.

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**Fiscal Analysis**

## **State Revenues:**

### *Special Fund Revenues*

State transfer tax revenues would decrease depending on the number of property transfers between relatives that involve stepchildren, stepparents, stepchildren-in-law, stepparents-in-law, and stepgrandchildren. Current law exempts 100% of the consideration on transfers between relatives involving a spouse, child, or parent. 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. These tax revenues totaled \$71.2 million in fiscal 1998. While it is unknown how many taxable transfers between relatives and stepchildren, stepchildren-in-law, stepparents-in-law, and stepgrandchildren are recorded, it is assumed that any decrease in State transfer tax revenues would be minimal.

### *General Fund Revenues*

Under current law the counties are authorized by the State to impose a recordation tax on articles of transfer that convey title to real property or a security interest in real or personal property. The clerk of the circuit court collects the recordation tax revenues, except in Prince George's County where they are collected by the county director of finance. In most counties, approximately 5% of these tax revenues are distributed to the general fund. The remaining funds are distributed to the corresponding county government. In fiscal 1998 approximately \$158.1 million in State and local recordation taxes were collected; \$5.4 million was remitted to the State's general fund. The extent to which general fund revenues would decrease as a result of this bill cannot be reliably estimated at this time, but is assumed to be minimal.

**Local Revenues: Exhibit 1** provides a listing of county recordation and transfer tax rates for fiscal 1999. Recordation tax rates the counties impose range from \$1.65 per \$500 of consideration in Somerset County to \$5.00 per \$500 of consideration in Charles County. A total of 16 counties and Baltimore City impose a transfer tax, with rates ranging from 0.2% in Allegany County to 6% in Montgomery County. While recordation and local transfer tax revenues would decrease, it is assumed that any decrease would be minimal.

**Exhibit 1**  
**Local Recordation and Transfer Tax Rates**  
**FY 1999**

<u>County</u>	<u>Recordation Tax Rate per \$500 of Consideration</u>	<u>Transfer Tax Rate (Percent of Transaction Value)</u>
Allegany	\$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% to 6.0%
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

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**Information Source(s):** Department of Assessments and Taxation, Judiciary  
(Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 1999

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