

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 396 (Charles County Delegation)

Ways and Means

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**Charles County - Recordation Tax Credit - Targeted Businesses**

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This bill authorizes Charles County, by law, to grant a partial or full credit on the recordation tax paid by a targeted business that is relocating, expanding, or undertaking new construction in the county. In addition, the law granting this tax credit must specify: (1) the criteria for eligibility for the tax credit; (2) any desired conditions or restrictions on the granting of the credit; and (3) the method for calculating the amount of the tax credit.

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**Fiscal Summary**

**State Effect:** General fund revenues would decrease to the extent Charles County grants this credit. Expenditures would not be affected.

**Local Effect:** Revenues would decrease to the extent Charles County grants this credit. Expenditures would not be affected.

**Small Business Effect:** Potential minimal. To the extent that small businesses receive this credit, their closing costs would be reduced.

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**Fiscal Analysis**

**State Effect:** Because this is enabling legislation only, general fund revenues will only be affected to the extent that Charles County exercises its authority to grant these credits.

The clerks of the circuit court now collect recordation taxes in all counties, except Prince George's where they are collected by the county director of finance. Under current law the State authorizes counties to impose their own recordation tax rates on articles of transfer that convey title to real property or a security interest in real or personal property. Charles County currently imposes a rate of \$5 per \$500 of consideration paid.

The clerk of the circuit court in Charles County collects the State recordation tax revenues and distributes 5% to the general fund. The clerk of the circuit court also retains the amount necessary to pay for 2/3 of the cost of the salaries and benefits of the court reporters for the circuit court. After these deductions, the remaining fees are distributed to the Charles County government.

In fiscal 1998, the clerk of the circuit court in Charles County collected \$6.8 million in recordation fees and remitted \$340,800 to the general fund. If Charles County decides to grant these partial or full credits to targeted businesses, the amount of recordation fees the clerk collects will decrease, thus reducing the amount remitted to the general fund beginning in fiscal 2000.

**Local Revenues:** In fiscal 1999, \$6.3 million was distributed to the Charles County government. As stated above, recordation tax revenues could decrease to the extent Charles County exercises its authority to grant these credits.

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

**Fiscal Note History:** First Reader - February 22, 1999

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