

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 163
Ways and Means

(Delegates Healey and Moe)

Budget and Taxation

Recordation Tax - Refinancing Instrument - Exemption for Spouses

This emergency bill exempts from recordation tax the refinancing of real property that is being refinanced by the original mortgagor and the spouse of the original mortgagor.

Fiscal Summary

State Effect: None. The bill would affect local government operations only.

Local Effect: County recordation revenues would decrease minimally.

Small Business Effect: None.

Analysis

Current Law: The refinancing of real property is exempt from recordation tax if it is refinanced by the original mortgagor and is used as a principal residence by the original mortgagor.

The counties and Baltimore City are authorized by law to impose locally established recordation tax rates on any business or person: (1) conveying title to real property; or (2) creating or giving notice of a security interest (i.e., a lien or encumbrance) in real or personal property, by means of an instrument of writing.

Background: In July and October of 2002, letters of advice were issued by the Office of the Attorney General to all clerks of the circuit courts which advised that the refinancing

of real property being refinanced by the original mortgagor and the spouse of the original mortgagor is not exempt from recordation tax.

Local Revenues: As a result of exempting from recordation tax a refinancing to include a spouse, county recordation tax revenues could decrease. Any such decrease is expected to be minimal. For example, Washington County expects revenues to decrease by approximately \$68,400 annually. Montgomery County has already been providing this exemption and, therefore, its revenues will not change because it has not been imposing the tax.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Washington County, Montgomery County, Kent County, Worcester County, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2003
lc/jr

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