

HOUSE BILL 1

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Q6

2004 Regular Session  
4r1412

(PRE-FILED)

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By: **The Speaker and Delegates Hixson, Conway, Healey, Barkley, Benson, Bobo, Bromwell, Bronrott, Busch, Cadden, Cane, G. Clagett, V. Clagett, Conroy, Cryor, D. Davis, DeBoy, Doory, Dumais, Franchot, Goldwater, Griffith, Harrison, Howard, Hurson, James, Jones, Kaiser, Kelley, King, Kirk, Krysiak, Lee, Love, Madaleno, Malone, Mandel, Marriott, McHale, McIntosh, Menes, Minnick, Moe, Montgomery, Pendergrass, Proctor, Quinter, Ramirez, Rosenberg, Sophocleus, Taylor, V. Turner, Vallario, and ~~Vaughn~~ Vaughn, Aumann, Edwards, Hammen, Stocksdale, and F. Turner F. Turner, and Hubbard**

Requested: November 17, 2003  
Introduced and read first time: January 14, 2004  
Assigned to: Ways and Means  
Reassigned: Ways and Means and Appropriations, January 23, 2004

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Committee Report: Favorable with amendments  
House action: Adopted with floor amendments  
Read second time: March 17, 2004

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Public School Construction Assistance Act of 2004**

3 FOR the purpose of imposing recordation and transfer taxes on the transfer of  
4 controlling interest in certain entities owning certain interests in real property  
5 in Maryland; requiring the counties and Baltimore City for certain fiscal years  
6 to dedicate certain recordation tax revenues to public school construction and  
7 renovation; providing for the distribution of certain State transfer tax revenues  
8 to a special fund to be used only for public school construction and renovation in  
9 certain counties; requiring the filing of a certain report; providing for a filing  
10 fee; establishing the rate of taxation and the method of calculation of tax  
11 liability; exempting certain transfers; providing for interest and a penalty for  
12 certain filings; requiring the Department of Assessments and Taxation to adopt  
13 certain regulations; requiring the Department of Assessments and Taxation to  
14 deduct and credit certain revenues to a certain fund; defining certain terms;  
15 requiring the State to provide the greater of a certain amount or a certain  
16 percentage of eligible ~~cost~~ costs of public school construction with respect to  
17 certain State funding for school construction; providing for a delayed effective  
18 date; and generally relating to the taxation of transfers of controlling interests

1 in certain entities.

2 BY repealing and reenacting, with amendments,  
 3 Article - Tax - Property  
 4 Section 12-110(d) and 13-209(a)  
 5 Annotated Code of Maryland  
 6 (2001 Replacement Volume and 2003 Supplement)

7 BY adding to  
 8 Article - Tax - Property  
 9 Section 12-110(e), 12-116, and 13-103  
 10 Annotated Code of Maryland  
 11 (2001 Replacement Volume and 2003 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - Property**

15 12-110.

16 (d) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING  
 17 THE RECORDATION TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND  
 18 CREDIT THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE  
 19 CORPORATIONS AND ASSOCIATIONS ARTICLE.

20 (2) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER  
 21 PARAGRAPH (1) OF THIS SUBSECTION, THE recordation tax collected under [§  
 22 12-103(d)] §§ 12-103(D) AND 12-116 of this title shall be paid to the Comptroller.  
 23 [After deduction of the cost to the Department of collecting the tax, the] THE  
 24 Comptroller shall distribute the revenue to the counties in the ratio that the  
 25 recordation tax collected in the prior fiscal year in each county bears to the total  
 26 recordation tax collected in all counties in that year.

27 (E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, FOR  
 28 EACH FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 2004, BUT BEFORE JULY 1, 2008,  
 29 FROM THE RECORDATION TAX REVENUE RECEIVED FOR THE FISCAL YEAR EACH  
 30 COUNTY AND BALTIMORE CITY SHALL DISTRIBUTE THE FOLLOWING AMOUNT TO A  
 31 SPECIAL FUND, TO BE USED ONLY TO PAY FOR THE COSTS OF PUBLIC SCHOOL  
 32 CONSTRUCTION AND RENOVATION, INCLUDING PAYMENT OF DEBT SERVICE ON  
 33 BONDS ISSUED TO PAY FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION:

34 ALLEGANY	103,412
35 ANNE ARUNDEL	2,883,652
36 BALTIMORE CITY	2,926,538
37 BALTIMORE	5,322,865

1 CALVERT	109,668
2 CAROLINE 54,897	
3 CARROLL	304,482
4 CECIL	146,747
5 CHARLES	337,673
6 DORCHESTER	126,520
7 FREDERICK	669,812
8 GARRETT	98,669
9 HARFORD	839,569
10 HOWARD	1,818,471
11 KENT	65,054
12 MONTGOMERY	7,837,548
13 PRINCE GEORGE'S	4,759,390
14 QUEEN ANNE'S	108,248
15 ST. MARY'S	351,464
16 SOMERSET	17,712
17 TALBOT	213,038
18 WASHINGTON	333,278
19 WICOMICO	168,140
20 WORCESTER	403,155

21 (2) FOR THE FISCAL YEAR BEGINNING JULY 1, 2004, THE AMOUNT  
 22 REQUIRED TO BE DISTRIBUTED TO THE SPECIAL FUND BY EACH COUNTY AND  
 23 BALTIMORE CITY IS ONE HALF OF THE AMOUNT SPECIFIED IN PARAGRAPH (1) OF  
 24 THIS SUBSECTION.

25 (3) RECORDATION TAX REVENUES DEDICATED TO PUBLIC SCHOOL  
 26 CONSTRUCTION AND RENOVATION UNDER THIS SUBSECTION ARE INTENDED TO  
 27 SUPPLEMENT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION  
 28 AND MAY NOT SUPPLANT OTHER COUNTY OR STATE FUNDING FOR PUBLIC SCHOOL  
 29 CONSTRUCTION AND RENOVATION.

30 12-116.

31 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 32 INDICATED.

33 (2) "CONTROLLING INTEREST" MEANS:

34 (I) MORE THAN 80% OF THE TOTAL VALUE OF ALL CLASSES OF  
 35 STOCK OF A CORPORATION;

1 (II) MORE THAN 80% OF THE TOTAL INTEREST IN CAPITAL AND  
2 PROFITS OF A PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, OR OTHER  
3 UNINCORPORATED FORM OF DOING BUSINESS; OR

4 (III) MORE THAN 80% OF THE BENEFICIAL INTEREST IN A TRUST.

5 (3) "FINAL TRANSFER" MEANS THAT TRANSFER OF ANY PORTION OF A  
6 CONTROLLING INTEREST WHICH COMPLETES THE TRANSFER OF A CONTROLLING  
7 INTEREST IN A REAL PROPERTY ENTITY.

8 (4) (I) "PLAN OF TRANSFER" MEANS AN INTENTIONAL PLAN OR  
9 PROGRAM TO TRANSFER THE CONTROLLING INTEREST IN A REAL PROPERTY ENTITY.

10 (II) "PLAN OF TRANSFER" DOES NOT INCLUDE A SERIES OF SALES  
11 OF SHARES OF A PUBLICLY TRADED ENTITY.

12 (5) (I) "REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN THE  
13 STATE.

14 (II) "REAL PROPERTY" DOES NOT INCLUDE:

15 1. A LEASEHOLD, UNLESS CREATED BY A LEASE THAT IS  
16 REQUIRED TO BE RECORDED UNDER § 3-101(A) OF THE REAL PROPERTY ARTICLE; OR

17 2. ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON  
18 OR SECURITY INTEREST IN REAL PROPERTY THAT SECURES AN INDEBTEDNESS.

19 (6) (I) "REAL PROPERTY ENTITY" MEANS A CORPORATION,  
20 PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, LIMITED LIABILITY  
21 PARTNERSHIP, OTHER UNINCORPORATED FORM OF DOING BUSINESS, OR TRUST  
22 THAT DIRECTLY OR BENEFICIALLY OWNS REAL PROPERTY THAT:

23 1. CONSTITUTES AT LEAST 80% OF THE VALUE OF ITS  
24 ASSETS; AND

25 2. HAS AN AGGREGATE VALUE OF AT LEAST \$500,000  
26 \$1,000,000.

27 (II) FOR THE PURPOSES OF THIS PARAGRAPH, THE VALUE OF REAL  
28 PROPERTY SHALL BE DETERMINED WITHOUT REDUCTION FOR ANY MORTGAGE,  
29 DEED OF TRUST, OR OTHER LIEN UPON OR SECURITY INTEREST IN THE REAL  
30 PROPERTY.

31 (III) "REAL PROPERTY ENTITY" DOES NOT INCLUDE AN ENTITY  
32 WITH LAND HOLDINGS THAT, OTHER THAN HOMESITES OR AREAS OF COMMERCIAL  
33 ACTIVITY RELATED TO AGRICULTURAL PRODUCTION, ARE ENTIRELY SUBJECT TO AN  
34 AGRICULTURAL USE ASSESSMENT UNDER § 8-209 OF THIS ARTICLE.

35 (B) (1) THE RECORDATION TAX IS IMPOSED ON THE TRANSFER OF A  
36 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY

1 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE  
2 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK  
3 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §  
4 12-102 OF THIS SUBTITLE.

5 (2) (I) THE RECORDATION TAX IS IMPOSED ON THE CONSIDERATION  
6 PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN THE REAL  
7 PROPERTY ENTITY.

8 (II) THE CONSIDERATION TO WHICH THE RECORDATION TAX  
9 APPLIES INCLUDES THE AMOUNT OF:

10 1. ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON  
11 OR SECURITY INTEREST IN THE REAL PROPERTY DIRECTLY OR BENEFICIALLY  
12 OWNED BY THE REAL PROPERTY ENTITY; AND

13 2. ANY OTHER DEBT OR ENCUMBRANCE OF THE REAL  
14 PROPERTY ENTITY.

15 (III) THE CONSIDERATION TO WHICH THE RECORDATION TAX  
16 APPLIES IS REDUCED BY THE AMOUNT ALLOCABLE TO THE ASSETS OF THE REAL  
17 PROPERTY ENTITY OTHER THAN REAL PROPERTY.

18 (IV) THE REAL PROPERTY ENTITY HAS THE BURDEN OF  
19 ESTABLISHING TO THE SATISFACTION OF THE DEPARTMENT THE CONSIDERATION  
20 REFERRED TO IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE AMOUNT OF ANY  
21 CONSIDERATION ALLOCABLE TO ASSETS OTHER THAN REAL PROPERTY REFERRED  
22 TO IN SUBPARAGRAPH (III) OF THIS PARAGRAPH.

23 (V) IF THE REAL PROPERTY ENTITY FAILS TO ESTABLISH THE  
24 AMOUNT OF CONSIDERATION REFERRED TO IN SUBPARAGRAPH (I) OF THIS  
25 PARAGRAPH, THE RECORDATION TAX IS IMPOSED ON THE VALUE OF THE REAL  
26 PROPERTY DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY  
27 DETERMINED BY THE DEPARTMENT AT THE DATE OF FINALITY IMMEDIATELY  
28 BEFORE THE DATE OF THE FINAL TRANSFER.

29 (3) EXCEPT AS OTHERWISE PROVIDED IN § 12-103(D) OF THIS SUBTITLE,  
30 THE RECORDATION TAX IS APPLIED AT THE RATE SET UNDER § 12-103(B) OF THIS  
31 SUBTITLE BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.

32 (C) (1) THE TRANSFER OF A CONTROLLING INTEREST IN A REAL PROPERTY  
33 ENTITY IS NOT SUBJECT TO RECORDATION TAX IF THE TRANSFER OF THE REAL  
34 PROPERTY BY AN INSTRUMENT OF WRITING BETWEEN THE SAME PARTIES AND  
35 UNDER THE SAME CIRCUMSTANCES WOULD HAVE BEEN EXEMPT UNDER § 12-108 OF  
36 THIS SUBTITLE.

37 (2) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
38 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY EFFECTED IN MORE THAN  
39 ONE TRANSACTION IF:

1 (I) THE TRANSFER IS COMPLETED OVER A PERIOD OF MORE THAN  
2 12 MONTHS; OR

3 (II) THE TRANSFER IS NOT MADE IN ACCORDANCE WITH A PLAN OF  
4 TRANSFER.

5 (3) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
6 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO ANOTHER BUSINESS IF  
7 THE OWNERSHIP INTERESTS IN THE TRANSFEREE BUSINESS ENTITY ARE HELD BY  
8 THE SAME PERSONS AND IN THE SAME PROPORTION AS IN THE REAL PROPERTY  
9 ENTITY THE CONTROLLING INTEREST OF WHICH WAS TRANSFERRED.

10 (4) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
11 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF EACH TRANSFEROR, EACH  
12 TRANSFEREE, AND EACH REAL PROPERTY ENTITY IS:

13 (I) A SUBSIDIARY CORPORATION, ALL OF THE STOCK OF WHICH IS  
14 OWNED, DIRECTLY OR INDIRECTLY, BY A COMMON PARENT CORPORATION;

15 (II) A PARTNERSHIP, ALL OF THE INTERESTS IN WHICH ARE  
16 OWNED, DIRECTLY OR INDIRECTLY, BY ONE OR MORE SUBSIDIARIES OR THE  
17 COMMON PARENT CORPORATION; OR

18 (III) THE COMMON PARENT CORPORATION.

19 (5) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A  
20 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF THE TRANSFEREE OF THE  
21 CONTROLLING INTEREST IN THE REAL PROPERTY ENTITY IS:

22 (I) A NONSTOCK CORPORATION ORGANIZED UNDER TITLE 5,  
23 SUBTITLE 2 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; AND

24 (II) REGISTERED WITH THE DEPARTMENT OF AGING AS A  
25 CONTINUING CARE RETIREMENT COMMUNITY UNDER ARTICLE 70B, § 9 OF THE CODE.

26 (6) THE REAL PROPERTY ENTITY HAS THE BURDEN OF ESTABLISHING  
27 TO THE SATISFACTION OF THE DEPARTMENT THE APPLICABILITY OF ANY  
28 EXEMPTION REFERRED TO IN PARAGRAPHS (1) THROUGH (5) OF THIS SUBSECTION.

29 (D) (1) THE REAL PROPERTY ENTITY SHALL FILE WITH THE DEPARTMENT A  
30 REPORT OF ANY TRANSFER OF A CONTROLLING INTEREST IN THE REAL PROPERTY  
31 ENTITY THAT IS COMPLETED WITHIN A PERIOD OF 12 MONTHS OR LESS WITHIN 30  
32 DAYS FOLLOWING THE DATE OF THE FINAL TRANSFER.

33 (2) THE REPORT SHALL INCLUDE ALL INFORMATION TO ESTABLISH TO  
34 THE SATISFACTION OF THE DEPARTMENT:

35 (I) THE CONSIDERATION REFERRED TO IN SUBSECTION (B)(2)(I) OF  
36 THIS SECTION;

1 (II) THE AMOUNT OF ASSETS OTHER THAN REAL ESTATE  
2 REFERRED TO IN SUBSECTION (B)(2)(II) OF THIS SECTION; AND

3 (III) ANY EXEMPTION PROVIDED FOR IN SUBSECTION (C) OF THIS  
4 SECTION.

5 (3) THE REPORT SHALL BE ACCOMPANIED BY PAYMENT OF:

6 (I) A \$20 FILING FEE; AND

7 (II) ANY TAX, INTEREST, AND PENALTY THAT IS DUE.

8 (E) (1) IF ANY TAX DUE UNDER THIS SECTION REMAINS UNPAID FOR 30  
9 DAYS AFTER THE DATE OF THE FINAL TRANSFER, THEN:

10 (I) INTEREST ON THE UNPAID AMOUNT SHALL ACCRUE  
11 THEREAFTER AT THE RATE OF 1% PER MONTH; AND

12 (II) A PENALTY OF 10% OF THE UNPAID AMOUNT SHALL BE DUE.

13 (2) ANY TAX, INTEREST, AND PENALTY DUE UNDER THIS SECTION IS AN  
14 OBLIGATION OF THE REAL PROPERTY ENTITY.

15 (3) FOR REASONABLE CAUSE, THE DEPARTMENT MAY WAIVE THE  
16 IMPOSITION OF INTEREST OR PENALTY.

17 (F) THIS SECTION DOES NOT APPLY TO:

18 (1) A PLEDGE OF STOCK OR OTHER INTEREST IN A REAL PROPERTY  
19 ENTITY AS SECURITY FOR A LOAN; OR

20 (2) THE ADMISSION TO THE REAL PROPERTY ENTITY OF ADDITIONAL  
21 SHAREHOLDERS, PARTNERS, BENEFICIAL OWNERS, OR OTHER MEMBERS INCIDENT  
22 TO THE RAISING OF ADDITIONAL CAPITAL THROUGH A PUBLIC OR PRIVATE  
23 OFFERING OF STOCK OR OTHER INTERESTS IN THE REAL PROPERTY ENTITY IF:

24 (I) THE EFFECTIVE MANAGEMENT OF THE REAL PROPERTY  
25 ENTITY IS NOT SUBSTANTIALLY CHANGED; AND

26 (II) UNDER THE TERMS OF THE OFFERING, NONE OF THE NEW  
27 MEMBERS IS EXPECTED TO PARTICIPATE IN THE DAY-TO-DAY MANAGEMENT OF THE  
28 REAL PROPERTY ENTITY.

29 (G) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER  
30 THIS SECTION.

31 (2) THE REGULATIONS SHALL INCLUDE ANY ADDITIONAL STANDARDS  
32 AND EXEMPTIONS TO ASSURE THAT:

1 (I) A TAX IS IMPOSED WHEN A TRANSACTION IS STRUCTURED  
2 INVOLVING A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO AVOID  
3 PAYMENT OF THE RECORDATION TAX;

4 (II) EXEMPTIONS PROVIDED BY LAW WHEN REAL PROPERTY IS  
5 TRANSFERRED BY AN INSTRUMENT OF WRITING ARE APPLICABLE; AND

6 (III) THERE IS NO DOUBLE TAXATION OF A SINGLE TRANSACTION.

7 13-103.

8 (A) IN THIS SECTION, "CONTROLLING INTEREST", "REAL PROPERTY", AND  
9 "REAL PROPERTY ENTITY" HAVE THE MEANINGS STATED IN § 12-116 OF THIS  
10 ARTICLE.

11 (B) (1) THE TAXES UNDER THIS TITLE ARE IMPOSED ON THE TRANSFER OF  
12 A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY  
13 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE  
14 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK  
15 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §  
16 13-202 OF THIS TITLE.

17 (2) THE TAXES UNDER THIS SECTION ARE IMPOSED ON THE  
18 CONSIDERATION PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN  
19 THE REAL PROPERTY ENTITY OR ON THE VALUE OF THE REAL PROPERTY DIRECTLY  
20 OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY, AS PROVIDED IN §  
21 12-116(B)(2) OF THIS ARTICLE.

22 (3) (I) EXCEPT FOR THE COUNTY TRANSFER TAX, THE TAXES UNDER  
23 THIS SECTION SHALL BE APPLIED AT THE RATES ESTABLISHED IN THIS TITLE.

24 (II) THE COUNTY TRANSFER TAX SHALL BE APPLIED AT THE RATE  
25 IMPOSED BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.

26 (C) THE TAXES UNDER THIS TITLE ARE NOT IMPOSED ON THE TRANSFER OF A  
27 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IN ANY OF THE  
28 CIRCUMSTANCES DESCRIBED:

29 (1) IN § 13-207 OF THIS TITLE THAT EXEMPTS AN INSTRUMENT OF  
30 WRITING FROM THE TRANSFER TAX; OR

31 (2) IN § 12-116(C) OF THIS ARTICLE THAT EXEMPTS THE TRANSFER OF A  
32 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY FROM THE RECORDATION  
33 TAX.

34 (D) IN EACH INSTANCE IN WHICH A CONTROLLING INTEREST IN A REAL  
35 PROPERTY ENTITY IS TRANSFERRED, THE PROVISIONS OF § 12-116(D) AND (E) OF THIS  
36 ARTICLE ARE APPLICABLE.



1 (E) THIS SECTION DOES NOT APPLY IN THE CIRCUMSTANCES DESCRIBED IN §  
2 12-116(F) OF THIS ARTICLE.

3 (F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER THIS  
4 SECTION IN THE SAME MANNER AS IN § 12-116(G) OF THIS ARTICLE.

5 13-209.

6 (a) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING  
7 THE TRANSFER TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND CREDIT  
8 THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE  
9 CORPORATIONS AND ASSOCIATIONS ARTICLE.

10 (2) (I) AFTER DEDUCTING THE REVENUES REQUIRED UNDER  
11 PARAGRAPH (1) OF THIS SUBSECTION:

12 1. FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2004,  
13 \$4,800,000 OF THE REVENUE FROM THE TRANSFER TAX SHALL BE DISTRIBUTED TO A  
14 SPECIAL FUND, TO BE USED ONLY TO PROVIDE ADDITIONAL FUNDING FOR PUBLIC  
15 SCHOOL CONSTRUCTION AND RENOVATION IN QUALIFIED DISTRESSED COUNTIES  
16 AS DEFINED IN ARTICLE 83A, § 5-701 OF THE CODE; AND

17 2. FOR EACH FISCAL YEAR BEGINNING ON OR AFTER JULY 1,  
18 2005, BUT BEFORE JULY 1, 2008, \$9,600,000 OF THE REVENUE FROM THE TRANSFER  
19 TAX SHALL BE DISTRIBUTED TO A SPECIAL FUND, TO BE USED ONLY TO PROVIDE  
20 ADDITIONAL FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION IN  
21 QUALIFIED DISTRESSED COUNTIES AS DEFINED IN ARTICLE 83A, § 5-701 OF THE  
22 CODE.

23 (II) TRANSFER TAX REVENUES DEDICATED TO PUBLIC SCHOOL  
24 CONSTRUCTION AND RENOVATION UNDER THIS PARAGRAPH ARE INTENDED TO  
25 SUPPLEMENT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION  
26 AND MAY NOT SUPPLANT OTHER COUNTY OR STATE FUNDING FOR PUBLIC SCHOOL  
27 CONSTRUCTION AND RENOVATION.

28 (3) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER  
29 PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, THE revenue from transfer tax is  
30 payable to the Comptroller for deposit in a special fund.

31 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any  
32 other provision of law, for each fiscal year beginning after June 30, 2004, but before  
33 July 1, 2008, with respect to State funding provided for public school construction  
34 projects in qualified distressed counties from the special fund for school construction  
35 established under § 13-209(a)(2) of the Tax - Property Article, the State shall provide:  
36 the greater of:

37 (a) the State share for the county for the fiscal year that begins July 1, 2005;  
38 or

1     ~~(a)~~     (b)     (1)     90% of the eligible costs if the State share for the county for the  
2 fiscal year that began July 1, 2003, was equal to or more than 65%; and

3     ~~(b)~~     (2)     65% of the eligible costs if the State share for the county for the fiscal  
4 year that began July 1, 2003, was less than 65%.

5     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 January 1, 2005.