

(PRE-FILED)

By: **The Speaker and Delegates Hixson, Conway, Healey, Barkley, Bobo, Bohanan, Bozman, Burns, Cane, G. Clagett, V. Clagett, Conroy, Donoghue, Feldman, Frush, Gutierrez, Haynes, Heller, Howard, Hubbard, Jones, Kaiser, King, Krysiak, Levy, Love, Madaleno, Malone, Mandel, Menes, Montgomery, Niemann, Patterson, Pendergrass, Petzold, Quinter, Rosenberg, Stern, Vallario, Vaughn, and Zirkin**

Requested: November 15, 2004
Introduced and read first time: January 12, 2005
Assigned to: Ways and Means and Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Public School Construction Assistance Act of 2005**

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 costs of public school construction with respect to certain
17 State funding for school construction; providing for a delayed effective date; and
18 generally relating to the taxation of transfers of controlling interests in certain
19 entities.

20 BY repealing and reenacting, with amendments,
21 Article - Tax - Property
22 Section 12-110(d) and 13-209(a)
23 Annotated Code of Maryland
24 (2001 Replacement Volume and 2004 Supplement)

25 BY adding to
26 Article - Tax - Property

1 Section 12-110(e), 12-116, and 13-103
 2 Annotated Code of Maryland
 3 (2001 Replacement Volume and 2004 Supplement)

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

6 **Article - Tax - Property**

7 12-110.

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

12 (2) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER
 13 PARAGRAPH (1) OF THIS SUBSECTION, THE recordation tax collected under [§
 14 12-103(d)] §§ 12-103(D) AND 12-116 of this title shall be paid to the Comptroller.
 15 [After deduction of the cost to the Department of collecting the tax, the] THE
 16 Comptroller shall distribute the revenue to the counties in the ratio that the
 17 recordation tax collected in the prior fiscal year in each county bears to the total
 18 recordation tax collected in all counties in that year.

19 (E) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
 20 SUBSECTION, FOR EACH FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 2005, BUT
 21 BEFORE JULY 1, 2009, FROM THE RECORDATION TAX REVENUE RECEIVED FOR THE
 22 FISCAL YEAR, EACH COUNTY AND BALTIMORE CITY SHALL DISTRIBUTE THE
 23 FOLLOWING AMOUNT TO A SPECIAL FUND, TO BE USED ONLY TO PAY FOR THE COSTS
 24 OF PUBLIC SCHOOL CONSTRUCTION AND RENOVATION, INCLUDING PAYMENT OF
 25 DEBT SERVICE ON BONDS ISSUED TO PAY FOR PUBLIC SCHOOL CONSTRUCTION AND
 26 RENOVATION:

27 ALLEGANY	\$ 134,159
28 ANNE ARUNDEL	3,741,047
29 BALTIMORE CITY	3,796,684
30 BALTIMORE	6,905,510
31 CALVERT	142,275
32 CAROLINE	71,220
33 CARROLL	395,013
34 CECIL	190,379
35 CHARLES	438,074
36 DORCHESTER	164,138
37 FREDERICK	868,966
38 GARRETT	128,007
39 HARFORD	1,089,198

1	HOWARD	2,359,156
2	KENT	84,396
3	MONTGOMERY	10,167,882
4	PRINCE GEORGE'S	6,174,497
5	QUEEN ANNE'S	140,433
6	ST. MARY'S	455,964
7	SOMERSET	22,978
8	TALBOT	276,380
9	WASHINGTON	432,372
10	WICOMICO	218,133
11	WORCESTER	523,024

12 (2) FOR THE FISCAL YEAR BEGINNING JULY 1, 2005, THE AMOUNT
 13 REQUIRED TO BE DISTRIBUTED TO A SPECIAL FUND BY EACH COUNTY AND
 14 BALTIMORE CITY IS ONE-HALF OF THE AMOUNT SPECIFIED IN PARAGRAPH (1) OF
 15 THIS SUBSECTION.

16 (3) FOR ANY FISCAL YEAR, THE AMOUNT THAT A COUNTY IS
 REQUIRED
 17 TO DISTRIBUTE TO A SPECIAL FUND UNDER THIS SECTION MAY NOT EXCEED THE
 18 AMOUNT BY WHICH THE TOTAL REVENUE COLLECTED BY THE COUNTY FROM
 19 RECORDATION AND TRANSFER TAXES FOR THAT FISCAL YEAR EXCEEDS THE TOTAL
 20 REVENUE COLLECTED BY THE COUNTY FROM RECORDATION AND TRANSFER TAXES
 21 FOR FISCAL YEAR 2005, AFTER ADJUSTING FOR ANY CHANGE IN TAX RATES.

22 (4) RECORDATION TAX REVENUES DEDICATED TO PUBLIC SCHOOL
 23 CONSTRUCTION AND RENOVATION UNDER THIS SUBSECTION ARE INTENDED TO
 24 SUPPLEMENT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION
 25 AND MAY NOT SUPPLANT OTHER COUNTY OR STATE FUNDING FOR PUBLIC SCHOOL
 26 CONSTRUCTION AND RENOVATION.

27 12-116.

28 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 29 INDICATED.

30 (2) "CONTROLLING INTEREST" MEANS:

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

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

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

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

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

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

8 (5) (I) "REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN
THE
9 STATE.

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

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

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

15 (6) (I) "REAL PROPERTY ENTITY" MEANS A CORPORATION,
16 PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, LIMITED LIABILITY
17 PARTNERSHIP, OTHER UNINCORPORATED FORM OF DOING BUSINESS, OR TRUST
18 THAT DIRECTLY OR BENEFICIALLY OWNS REAL PROPERTY THAT:

19 1. CONSTITUTES AT LEAST 80% OF THE VALUE OF ITS
20 ASSETS; AND

21 2. HAS AN AGGREGATE VALUE OF AT LEAST \$1,000,000.

22 (II) FOR THE PURPOSES OF THIS PARAGRAPH, THE VALUE OF
REAL
23 PROPERTY SHALL BE DETERMINED WITHOUT REDUCTION FOR ANY MORTGAGE,
24 DEED OF TRUST, OR OTHER LIEN UPON OR SECURITY INTEREST IN THE REAL
25 PROPERTY.

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

30 (B) (1) THE RECORDATION TAX IS IMPOSED ON THE TRANSFER OF A
31 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY
32 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE
33 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK
34 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §
35 12-102 OF THIS SUBTITLE.

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

4 (II) THE CONSIDERATION TO WHICH THE RECORDATION TAX
 5 APPLIES INCLUDES THE AMOUNT OF:

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

9 2. ANY OTHER DEBT OR ENCUMBRANCE OF THE REAL
 10 PROPERTY ENTITY.

11 (III) THE CONSIDERATION TO WHICH THE RECORDATION TAX
 12 APPLIES IS REDUCED BY THE AMOUNT ALLOCABLE TO THE ASSETS OF THE REAL
 13 PROPERTY ENTITY OTHER THAN REAL PROPERTY.

14 (IV) THE REAL PROPERTY ENTITY HAS THE BURDEN OF
 15 ESTABLISHING TO THE SATISFACTION OF THE DEPARTMENT THE CONSIDERATION
 16 REFERRED TO IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE AMOUNT OF ANY
 17 CONSIDERATION ALLOCABLE TO ASSETS OTHER THAN REAL PROPERTY REFERRED
 18 TO IN SUBPARAGRAPH (III) OF THIS PARAGRAPH.

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

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

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

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

36 (I) THE TRANSFER IS COMPLETED OVER A PERIOD OF MORE
 THAN
 37 12 MONTHS; OR

38 (II) THE TRANSFER IS NOT MADE IN ACCORDANCE WITH A
 PLAN OF
 39 TRANSFER.

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

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

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

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

14 (III) THE COMMON PARENT CORPORATION.

15 (5) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A
16 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF THE TRANSFEREE OF THE
17 CONTROLLING INTEREST IN THE REAL PROPERTY ENTITY IS:

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

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

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

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

29 (2) THE REPORT SHALL INCLUDE ALL INFORMATION TO ESTABLISH TO
30 THE SATISFACTION OF THE DEPARTMENT:

31 (I) THE CONSIDERATION REFERRED TO IN SUBSECTION (B)(2)(I)
OF
32 THIS SECTION;

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

35 (III) ANY EXEMPTION PROVIDED FOR IN SUBSECTION (C) OF
THIS
36 SECTION.

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

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

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

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

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

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

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

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

13 (F) THIS SECTION DOES NOT APPLY TO:

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

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

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

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

25 (G) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER
26 THIS SECTION.

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

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

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

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

1 13-103.

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

5 (B) (1) THE TAXES UNDER THIS TITLE ARE IMPOSED ON THE TRANSFER OF
6 A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY
7 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE
8 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK
9 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §
10 13-202 OF THIS TITLE.

11 (2) THE TAXES UNDER THIS SECTION ARE IMPOSED ON THE
12 CONSIDERATION PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN
13 THE REAL PROPERTY ENTITY OR ON THE VALUE OF THE REAL PROPERTY DIRECTLY
14 OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY, AS PROVIDED IN §
15 12-116(B)(2) OF THIS ARTICLE.

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

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

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

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

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

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

31 (E) THIS SECTION DOES NOT APPLY IN THE CIRCUMSTANCES DESCRIBED IN §
32 12-116(F) OF THIS ARTICLE.

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

35 13-209.

36 (a) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING
37 THE TRANSFER TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND CREDIT

1 THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE
2 CORPORATIONS AND ASSOCIATIONS ARTICLE.

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

5 1. FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2005,
6 \$5,850,000 OF THE REVENUE FROM THE TRANSFER TAX SHALL BE DISTRIBUTED TO A
7 SPECIAL FUND, TO BE USED ONLY TO PROVIDE ADDITIONAL FUNDING FOR PUBLIC
8 SCHOOL CONSTRUCTION AND RENOVATION IN QUALIFIED DISTRESSED COUNTIES
9 AS DEFINED IN ARTICLE 83A, § 5-701 OF THE CODE; AND

10 2. FOR EACH FISCAL YEAR BEGINNING ON OR AFTER
11 JULY 1,
12 2006, BUT BEFORE JULY 1, 2009, \$11,700,000 OF THE REVENUE FROM THE TRANSFER
13 TAX SHALL BE DISTRIBUTED TO A SPECIAL FUND, TO BE USED ONLY TO PROVIDE
14 ADDITIONAL FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION IN
15 QUALIFIED DISTRESSED COUNTIES AS DEFINED IN ARTICLE 83A, § 5-701 OF THE
16 CODE.

17 (II) TRANSFER TAX REVENUES DEDICATED TO PUBLIC SCHOOL
18 CONSTRUCTION AND RENOVATION UNDER THIS PARAGRAPH ARE INTENDED TO
19 SUPPLEMENT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION
20 AND MAY NOT SUPPLANT OTHER COUNTY OR STATE FUNDING FOR PUBLIC SCHOOL
21 CONSTRUCTION AND RENOVATION.

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any
26 other provision of law, for each fiscal year beginning after June 30, 2005, but before
27 July 1, 2009, with respect to State funding provided for public school construction
28 projects in qualified distressed counties from the special fund for school construction
29 established under § 13-209(a)(2) of the Tax - Property Article, the State shall provide
30 the greater of:

31 (a) the State share for the county for the fiscal year that begins July 1, 2006;

32 (b) (1) 90% of the eligible costs if the State share for the county for the fiscal
33 year that began July 1, 2004, was equal to or more than 65%; and

34 (2) 65% of the eligible costs if the State share for the county for the fiscal
35 year that began July 1, 2004, was less than 65%.

36 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
37 January 1, 2006.