

(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~~ Zirkin, Barve, Branch, Bronrott, Cardin, Cryor, C. Davis, Doory, Franchot, Gaines, Goodwin, Gordon, Griffith, James, Lee, Marriott, Moe, Nathan-Pulliam, Paige, Proctor, Ramirez, Ross, and F. Turner**

Requested: November 15, 2004
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Assigned to: Ways and Means and Appropriations

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: February 22, 2005

CHAPTER _____

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.

1 BY repealing and reenacting, with amendments,
 2 Article - Tax - Property
 3 Section 12-110(d) and 13-209(a)
 4 Annotated Code of Maryland
 5 (2001 Replacement Volume and 2004 Supplement)

6 BY adding to
 7 Article - Tax - Property
 8 Section 12-110(e), 12-116, and 13-103
 9 Annotated Code of Maryland
 10 (2001 Replacement Volume and 2004 Supplement)

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

13 **Article - Tax - Property**

14 12-110.

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

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

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

34 ALLEGANY	\$ 134,159
35 ANNE ARUNDEL	3,741,047
36 BALTIMORE CITY	3,796,684
37 BALTIMORE	6,905,510
38 CALVERT	142,275

1	CAROLINE	71,220
2	CARROLL	395,013
3	CECIL	190,379
4	CHARLES	438,074
5	DORCHESTER	164,138
6	FREDERICK	868,966
7	GARRETT	128,007
8	HARFORD	1,089,198
9	HOWARD	2,359,156
10	KENT	84,396
11	MONTGOMERY	10,167,882
12	PRINCE GEORGE'S	6,174,497
13	QUEEN ANNE'S	140,433
14	ST. MARY'S	455,964
15	SOMERSET	22,978
16	TALBOT	276,380
17	WASHINGTON	432,372
18	WICOMICO	218,133
19	WORCESTER	523,024

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

24 (3) FOR ANY FISCAL YEAR, THE AMOUNT THAT A COUNTY IS REQUIRED
25 TO DISTRIBUTE TO A SPECIAL FUND UNDER THIS SECTION MAY NOT EXCEED THE
26 AMOUNT BY WHICH THE TOTAL REVENUE COLLECTED BY THE COUNTY FROM
27 RECORDATION AND TRANSFER TAXES FOR THAT FISCAL YEAR EXCEEDS THE TOTAL
28 REVENUE COLLECTED BY THE COUNTY FROM RECORDATION AND TRANSFER TAXES
29 FOR FISCAL YEAR 2005, AFTER ADJUSTING FOR ANY CHANGE IN TAX RATES.

30 (4) RECORDATION TAX REVENUES DEDICATED TO PUBLIC SCHOOL
31 CONSTRUCTION AND RENOVATION UNDER THIS SUBSECTION ARE INTENDED TO
32 SUPPLEMENT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION AND RENOVATION
33 AND MAY NOT SUPPLANT OTHER COUNTY OR STATE FUNDING FOR PUBLIC SCHOOL
34 CONSTRUCTION AND RENOVATION.

35 12-116.

36 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
37 INDICATED.

38 (2) "CONTROLLING INTEREST" MEANS:

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

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

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

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

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

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

14 (5) (I) "REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN THE
15 STATE.

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

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

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

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

25 1. CONSTITUTES AT LEAST 80% OF THE VALUE OF ITS
26 ASSETS; AND

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

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

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

1 (B) (1) THE RECORDATION TAX IS IMPOSED ON THE TRANSFER OF A
2 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY
3 DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE
4 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK
5 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §
6 12-102 OF THIS SUBTITLE.

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

10 (II) THE CONSIDERATION TO WHICH THE RECORDATION TAX
11 APPLIES INCLUDES THE AMOUNT OF:

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

15 2. ANY OTHER DEBT OR ENCUMBRANCE OF THE REAL
16 PROPERTY ENTITY.

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

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

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

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

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

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

4 (I) THE TRANSFER IS COMPLETED OVER A PERIOD OF MORE THAN
5 12 MONTHS; OR

6 (II) THE TRANSFER IS NOT MADE IN ACCORDANCE WITH A PLAN OF
7 TRANSFER.

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

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

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

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

21 (III) THE COMMON PARENT CORPORATION.

22 (5) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A
23 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF THE TRANSFEREE OF THE
24 CONTROLLING INTEREST IN THE REAL PROPERTY ENTITY IS:

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

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

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

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

36 (2) THE REPORT SHALL INCLUDE ALL INFORMATION TO ESTABLISH TO
37 THE SATISFACTION OF THE DEPARTMENT:

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

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

5 (III) ANY EXEMPTION PROVIDED FOR IN SUBSECTION (C) OF THIS
6 SECTION.

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

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

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

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

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

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

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

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

19 (F) THIS SECTION DOES NOT APPLY TO:

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

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

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

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

31 (G) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER
32 THIS SECTION.

33 (2) THE REGULATIONS SHALL INCLUDE ANY ADDITIONAL STANDARDS
34 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) (H) AFTER DEDUCTING THE REVENUES REQUIRED UNDER~~
11 ~~PARAGRAPH (1) OF THIS SUBSECTION:~~

12 ~~1. FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2005,~~
13 ~~\$5,850,000 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 ~~2006, BUT BEFORE JULY 1, 2009, \$11,700,000 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 ~~(H) 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) (2) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER~~
29 ~~PARAGRAPHS (1) AND (2) PARAGRAPH (1) OF THIS SUBSECTION, THE revenue from~~
30 ~~transfer tax is 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, 2005, but before~~
33 ~~July 1, 2009, 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, 2006;
38 or

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

3 (2) ~~65% of the eligible costs if the State share for the fiscal~~
4 ~~year that began July 1, 2004, was less than 65%.~~

5 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take
6 effect January 1, 2006.