

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1237 (Delegate Holmes)
 Ways and Means

Recordation and Transfer Taxes - Exemption

This emergency bill exempts from all recordation and transfer taxes property that transfers in Prince George’s County, occurring between October 1, 2004 and January 1, 2005, from a civic organization to a nonprofit organization for nominal consideration and where no mortgage or deed of trust was assumed by the grantee.

Fiscal Summary

State Effect: State transfer tax revenue would decrease by \$1,400 in FY 2005. Expenditures would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	(\$1,400)	\$0	\$0	\$0	\$0
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$1,400)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Prince George’s County transfer tax revenue would decrease by \$3,900 and recordation tax revenue would decrease by \$1,200 in FY 2005.

Small Business Effect: Minimal.

Analysis

Current Law: The State transfer tax rate is 0.5% of the consideration payable for an instrument of writing conveying title to, or a leasehold interest in, real property (0.25%

for first-time Maryland home buyers). The transfer tax rate in Prince George's County is 1.4% of the consideration payable.

The counties and Baltimore City are authorized 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. The recordation tax rate in Prince George's County is \$2.20 per \$500.

Background: This bill affects the transfer of a swimming pool to Kettering Swim Club Inc. that occurred on November 24, 2004. The property is located in Upper Marlboro and assessed at \$323,750.

State Revenues: State transfer tax revenues would decrease by \$1,406 in fiscal 2005 as a result of exempting this one transaction from the State transfer tax that would be collected in the absence of the bill.

Local Revenues: Prince George's County transfer tax revenues would decrease by \$3,938 and the recordation tax revenues would decrease by \$1,239 in fiscal 2005 as a result of this one transaction being exempt from county transfer and recordation taxes.

Additional Information

Prior Introductions: None.

Cross File: SB 399 (Senators Green and Currie) – Budget and Taxation.

Information Source(s): State Department of Assessments and Taxation, Prince George's County, Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2005
ncs/hlb

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