

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 399

(Senators Green and Currie)

Budget and Taxation

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. The bill also provides that a mortgage or deed of trust that secures a debt of a nonprofit volunteer firefighting organization in Calvert County which is recorded between March 1, 2005 and June 30, 2005 (inclusive) is exempt from the county recordation tax.

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. Calvert County recordation tax revenue could decrease by \$22,000 in FY 2006.

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. The recordation tax rate in Calvert County is \$5.00 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. The bill also would affect the anticipated recordation of a loan instrument in Calvert County for the Huntingtown Volunteer Fire Department and Rescue Squad, Inc. That fire company expects to settle on loans totaling \$2,200,000 sometime in the next couple of months.

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. State revenues would not be affected by the Calvert County exemption as that exemption is only from county recordation tax.

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.

Calvert County recordation tax revenues could decrease by approximately \$22,000 in fiscal 2006 as a result of one transaction being exempt from the recordation tax. However, it is noted that other transactions could be subject to exemption if a nonprofit volunteer firefighting organization in Calvert County were to record a debt instrument during the time frame of March 1, 2005 and July 1, 2005.

Additional Information

Prior Introductions: None.

Cross File: HB 1237 (Delegate Homes) – Ways and Means.

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 6, 2005
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