

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 231

(St. Mary's County Delegation)

Ways and Means

Budget and Taxation

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**Recordation Tax - Exemption for Transfers from a Government or Public Agency**

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This bill authorizes local governments to provide an exemption from the recordation tax for transactions granting a security interest in real property from the United States, the State, an agency of the State, or a political subdivision of the State.

The bill takes effect July 1, 2007.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential minimal decrease in county recordation tax revenues. The extent to which these types of transactions occur cannot be reliably estimated but are expected to be minimal.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The counties and Baltimore City are authorized by law 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. Recordation of a security interest to the United States, the State, an agency of the State, or a political subdivision of the State is exempt from recordation tax.

**Local Fiscal Effect:** In counties that choose to authorize the exemption, county recordation tax revenues could decrease minimally when a security interest in real property is recorded where the security interest is from the U.S. government, the State, an agency of the State, or a political subdivision of the State. For instance, if the St. Mary's County Housing Authority, a political subdivision of the State, were to secure debt issued with a security interest in a housing project, the recording of that security interest would be exempt from recordation taxes. According to St. Mary's County, in 2005 the housing authority paid \$48,000 in recordation taxes for a construction loan related to the Gateways Community, a 42-unit housing community. St. Mary's County paid no recordation tax in 2006. The actual number of transactions involving recording a security interest from one of these entities cannot be reliably estimated but is expected to be minimal.

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### **Additional Information**

**Prior Introductions:** A similar bill was introduced in the 2006 session as HB 1397. The bill received a favorable report by the House Ways and Means Committee and passed the House. The bill was referred to the Senate Budget and Taxation Committee. No further action was taken.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Carroll County, Harford County, Montgomery County, Prince George's County, Queen Anne's County, St. Mary's County, Judiciary (Administrative Office of the Courts), Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2007  
mll/hlb Revised - House Third Reader - March 28, 2007

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