

HOUSE BILL 1424

Q6

8lr2038

CF 8lr2037

By: **Delegates Barve, Barnes, Carr, Gaines, Gilchrist, Kaiser, Pena-Melnyk, and Weldon**

Introduced and read first time: February 8, 2008

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Counties and Municipal Corporations – Transfer Tax**

3 FOR the purpose of authorizing certain counties to impose a transfer tax on certain
4 instruments of writing; authorizing municipal corporations to impose, by
5 ordinance or resolution, a transfer tax on instruments of writing for properties
6 transferred within a municipal corporation; requiring the governing body of a
7 county or of a municipal corporation to hold a public hearing before adopting a
8 transfer tax; limiting the rate of the transfer tax that a county or municipal
9 corporation may impose; providing for the assessment and collection of the
10 transfer tax; providing that a county or municipal corporation may provide
11 certain exemptions from the transfer tax; requiring that a portion of the
12 revenues from the transfer tax be distributed to a special fund, to be used only
13 for certain costs of certain public works, improvements, and facilities; providing
14 for a delayed effective date; and generally relating to certain authority for
15 counties and municipal corporations to impose a transfer tax.

16 BY adding to

17 Article – Tax – Property

18 Section 13–402.2; and 13–601 to be under the new subtitle “Subtitle 6.

19 Municipal Corporation Transfer Taxes”

20 Annotated Code of Maryland

21 (2007 Replacement Volume)

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

24 **Article – Tax – Property**

25 **13–402.2.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) (1) **IF A COUNTY IS NOT OTHERWISE AUTHORIZED BY LAW TO**
2 **IMPOSE A TRANSFER TAX, THE COUNTY MAY IMPOSE A TRANSFER TAX UNDER**
3 **THIS SECTION ON AN INSTRUMENT OF WRITING RECORDED WITH THE CLERK OF**
4 **THE CIRCUIT COURT FOR THE COUNTY.**

5 (2) **THE GOVERNING BODY OF A COUNTY SHALL HOLD A PUBLIC**
6 **HEARING BEFORE IMPOSING A TRANSFER TAX UNDER THIS SECTION.**

7 (B) **A TRANSFER TAX IMPOSED UNDER THIS SECTION MAY NOT EXCEED**
8 **0.5%.**

9 (C) **A COUNTY THAT IMPOSES A TRANSFER TAX UNDER THIS SECTION**
10 **MAY PROVIDE FOR EXEMPTIONS FROM THE TRANSFER TAX.**

11 (D) **AN INSTRUMENT OF WRITING SUBJECT TO A TRANSFER TAX**
12 **IMPOSED UNDER THIS SECTION MAY NOT BE RECORDED UNTIL THE TAX IS PAID**
13 **TO THE COLLECTOR OR THE CLERK OF THE CIRCUIT COURT.**

14 (E) (1) **AT LEAST 50% OF THE REVENUES RECEIVED BY A COUNTY**
15 **FROM A TRANSFER TAX IMPOSED UNDER THIS SECTION SHALL BE DISTRIBUTED**
16 **TO A SPECIAL FUND.**

17 (2) **THE SPECIAL FUND MAY BE USED ONLY FOR CAPITAL COSTS**
18 **FOR PUBLIC INFRASTRUCTURE TO SUPPORT COMMUNITY GROWTH AND**
19 **DEVELOPMENT, INCLUDING:**

20 (I) **STREETS, ROADS, BRIDGES, AND RELATED**
21 **INFRASTRUCTURE;**

22 (II) **PARKS AND RECREATIONAL FACILITIES;**

23 (III) **STORM DRAIN FACILITIES;**

24 (IV) **WATER AND WASTEWATER TREATMENT FACILITIES;**

25 (V) **WATER AND WASTEWATER MAINTENANCE AND RELATED**
26 **INFRASTRUCTURE;**

27 (VI) **EMERGENCY AND PUBLIC SAFETY SERVICES;**

28 (VII) **PUBLIC SCHOOL CONSTRUCTION AND RENOVATION**
29 **PROJECTS, INCLUDING THOSE FUNDED THROUGH OPERATING FUNDS; AND**

30 (VIII) **DEBT REDUCTION RELATED TO EXPENDITURES FOR**
31 **CAPITAL IMPROVEMENTS.**

1 **(3) ANY TRANSFER TAX REVENUES REMAINING AFTER THE**
2 **DISTRIBUTION UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE**
3 **DISTRIBUTED TO THE GENERAL FUND OF THE COUNTY.**

4 **SUBTITLE 6. MUNICIPAL CORPORATION TRANSFER TAXES.**

5 **13-601.**

6 **(A) (1) A MUNICIPAL CORPORATION MAY IMPOSE, BY ORDINANCE OR**
7 **RESOLUTION, A TRANSFER TAX ON AN INSTRUMENT OF WRITING FOR PROPERTY**
8 **TRANSFERRED WITHIN THE MUNICIPAL CORPORATION THAT IS RECORDED**
9 **WITH THE CLERK OF THE CIRCUIT COURT IN THE COUNTY IN WHICH THE**
10 **MUNICIPAL CORPORATION IS LOCATED.**

11 **(2) THE GOVERNING BODY OF A MUNICIPAL CORPORATION**
12 **SHALL HOLD A PUBLIC HEARING BEFORE IMPOSING A TRANSFER TAX UNDER**
13 **THIS SECTION.**

14 **(B) A TRANSFER TAX IMPOSED UNDER THIS SECTION MAY NOT EXCEED**
15 **0.5%.**

16 **(C) A MUNICIPAL CORPORATION MAY PROVIDE FOR EXEMPTIONS FROM**
17 **THE TRANSFER TAX.**

18 **(D) AN INSTRUMENT OF WRITING SUBJECT TO A TRANSFER TAX**
19 **IMPOSED UNDER THIS SECTION MAY NOT BE RECORDED IN ANY COUNTY UNTIL**
20 **THE TAX IS PAID TO THE COLLECTOR OR THE CLERK OF THE CIRCUIT COURT**
21 **FOR THE COUNTY WHERE THE PROPERTY IS LOCATED.**

22 **(E) THE COLLECTOR OR THE CLERK OF THE CIRCUIT COURT FOR THE**
23 **COUNTY SHALL REMIT THE REVENUES COLLECTED FROM THE TRANSFER TAX**
24 **UNDER THIS SECTION TO THE MUNICIPAL CORPORATION.**

25 **(F) (1) AT LEAST 50% OF THE REVENUES RECEIVED BY A MUNICIPAL**
26 **CORPORATION FROM A TRANSFER TAX IMPOSED UNDER THIS SECTION SHALL**
27 **BE DISTRIBUTED TO A SPECIAL FUND.**

28 **(2) THE SPECIAL FUND MAY BE USED ONLY FOR CAPITAL COSTS**
29 **FOR PUBLIC INFRASTRUCTURE TO SUPPORT COMMUNITY GROWTH AND**
30 **DEVELOPMENT, INCLUDING:**

31 **(I) STREETS, ROADS, BRIDGES, AND RELATED**
32 **INFRASTRUCTURE;**

- 1 **(II) PARKS AND RECREATIONAL FACILITIES;**
2 **(III) STORM DRAIN FACILITIES;**
3 **(IV) WATER AND WASTEWATER TREATMENT FACILITIES;**
4 **(V) WATER AND WASTEWATER MAINTENANCE AND RELATED**
5 **INFRASTRUCTURE;**
6 **(VI) EMERGENCY AND PUBLIC SAFETY SERVICES; AND**
7 **(VII) DEBT REDUCTION RELATED TO EXPENDITURES FOR**
8 **CAPITAL IMPROVEMENTS.**

9 **(3) ANY TRANSFER TAX REVENUES REMAINING AFTER THE**
10 **DISTRIBUTION UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE**
11 **DISTRIBUTED TO THE GENERAL FUND OF THE MUNICIPAL CORPORATION.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2010.