

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1625
Ways and Means

(Delegates Bates and Miller)

Recordation Tax - Fees for Collection

This bill authorizes a county government and the clerk of the circuit court to negotiate the amount of recordation tax collections that may be retained by the clerk in those counties where the clerk collects the tax. The amount must be at least 2% of the amount collected and may not exceed 5%.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: Potential decrease in general fund revenues to the extent that the clerks of the circuit court retain less than the 5% of recordation tax revenues collected as allowed under current law.

Local Effect: Potential increase in county recordation tax revenues to the extent that the clerks of the circuit court retain less than the 5% of recordation tax revenues collected as allowed under current law. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: The clerk of a circuit court is entitled to 5% of all public money that the clerk receives, collects, and pays over, except in the following eight counties.

- *Anne Arundel County:* 3% of the amount of recordation tax collected and 5% of all other public money received, collected, and paid over.
- *Baltimore City:* 2.5% of the amount of recordation tax collected and 5% of all other public money received, collected, and paid over.
- *Baltimore County:* 3% of the amount of recordation tax collected and 5% of all other public money received, collected, and paid over.
- *Charles County:* The clerk must deduct from recordation taxes collected the cost of two-thirds of the salaries and benefits of the court reporters for the circuit court and pay the amount deducted to the Charles County Treasurer. The payment must be made promptly after receipt of a voucher from the Charles County Treasurer stating the amount of the salaries and benefits paid to the court reporters.
- *Harford County:* 3% of the amount of recordation tax collected and 5% of all other public money received, collected, and paid over.
- *Montgomery County:* 3% of all public money received, collected, and paid over.
- *St. Mary's County:* The clerk is not entitled to a collection fee when collecting recordation taxes and county transfer taxes for the filing of a single instrument.
- *Washington County:* The clerk is not entitled to a collection fee when collecting recordation taxes and county transfer taxes for the filing of a single instrument.

Chapter 639 of 2000 authorized county tax collectors, rather than the clerks of the circuit courts, to collect recordation taxes beginning in fiscal 2001.

State Fiscal Effect: The bill could result in a decrease in State general fund revenues if a new rate is negotiated with a county to the extent that the clerks of the circuit courts retain less than the 5% of recordation taxes collected as allowed under current law. The amount of any decrease would depend on the level negotiated between the county and the clerk of the circuit court.

Howard County indicates that it is considering moving to collecting its own recordation taxes, as authorized in Chapter 639 of 2000, as the clerks of the circuit court retain approximately \$900,000 in recordation tax revenues each year. The county advises that it could collect recordation taxes at a cost of about \$300,000, thus generating an additional

\$600,000 for the county. The bill would allow counties to negotiate a lower collection percentage retained by the clerks, while still having the clerks collect the tax.

Local Fiscal Effect: The bill could result in an increase in county recordation tax revenues to the extent that the clerks of the circuit courts retain less than the 5% of recordation taxes collected as allowed under current law if a new rate is negotiated. The amount of any increase would depend on the level negotiated between the county and the clerk of the circuit court.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Counties, Howard County, Department of Legislative Services

Fiscal Note History: First Reader - March 25, 2008
mll/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510