

Chapter 589

(Senate Bill 657)

AN ACT concerning

Recordation Taxes and State ~~and County~~ Transfer ~~Tax~~ Taxes – Debt Forgiven in “Short Sale”

FOR the purpose of clarifying that for the purposes of recordation taxes and the State ~~and county~~ transfer ~~tax~~ taxes, the consideration payable for an instrument of writing to which the tax applies ~~does not include the amount of any debt forgiven or assumed by a person other than the grantee~~ includes only the amount paid or delivered in return for the sale of the property and does not include the amount of any debt forgiven or no longer secured by a mortgage or deed of trust; making this Act an emergency measure; and generally relating to recordation taxes and State ~~and county~~ transfer ~~tax~~ taxes.

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 12–103(a) and 13–203(a)

Annotated Code of Maryland

(2007 Replacement Volume and 2009 Supplement)

BY adding to

Article – Tax – Property

Section 13–412

Annotated Code of Maryland

(2007 Replacement Volume and 2009 Supplement)

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

Article – Tax – Property

12–103.

(a) (1) The recordation tax rates under this section are applied to each \$500 or fraction of \$500 of consideration payable or of the principal amount of the debt secured for an instrument of writing.

(2) The consideration:

(I) includes the amount of any mortgage or deed of trust assumed by the grantee; AND

(II) SUBJECT TO ITEM (I) OF THIS PARAGRAPH, INCLUDES ONLY THE AMOUNT PAID OR DELIVERED IN RETURN FOR THE SALE OF THE PROPERTY AND DOES NOT INCLUDE THE AMOUNT OF ANY DEBT FORGIVEN OR ASSUMED BY A PERSON OTHER THAN THE GRANTEE NO LONGER SECURED BY A MORTGAGE OR DEED OF TRUST ON THE PROPERTY.

13-203.

(a) **(1)** Except as provided in subsection (b) of this section, the rate of the transfer tax is 0.5% of the consideration payable for the instrument of writing.

(2) The consideration:

(I) includes the amount of any mortgage or deed of trust assumed by the grantee; AND

(II) SUBJECT TO ITEM (I) OF THIS PARAGRAPH, INCLUDES ONLY THE AMOUNT PAID OR DELIVERED IN RETURN FOR THE SALE OF THE PROPERTY AND DOES NOT INCLUDE THE AMOUNT OF ANY DEBT FORGIVEN OR ASSUMED BY A PERSON OTHER THAN THE GRANTEE NO LONGER SECURED BY A MORTGAGE OR DEED OF TRUST ON THE PROPERTY.

13-412.

(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A COUNTY TRANSFER TAX SHALL APPLY TO THE CONSIDERATION PAYABLE FOR AN INSTRUMENT OF WRITING; AND.

(2) IF A COUNTY TRANSFER TAX APPLIES TO MORTGAGES OR DEEDS OF ~~TRUSTS~~ TRUST, THE COUNTY TRANSFER TAX SHALL APPLY TO THE CONSIDERATION PAYABLE OR THE PRINCIPAL AMOUNT OF THE DEBT SECURED FOR AN INSTRUMENT OF WRITING.

(B) THE CONSIDERATION:

(1) INCLUDES THE AMOUNT OF ANY MORTGAGE OR DEED OF TRUST ASSUMED BY THE GRANTEE; AND

(2) SUBJECT TO ITEM (1) OF THIS SUBSECTION, INCLUDES ONLY THE AMOUNT PAID OR DELIVERED IN RETURN FOR THE SALE OF THE PROPERTY AND DOES NOT INCLUDE THE AMOUNT OF ANY DEBT FORGIVEN OR NO LONGER SECURED BY A MORTGAGE OR DEED OF TRUST ON THE PROPERTY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved by the Governor, May 20, 2010.