

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 1006
Ways and Means

(Prince George's County Delegation)

**Prince George's County - Transfer Tax - Exemption and Rate Reduction for
State's Attorneys
PG 419-11**

This bill provides an exemption from the Prince George's County transfer tax for the transfer of property to a Prince George's County State's Attorney as long as it is the individual's principal residence and it is a first-time home purchase in Maryland. The individual must be employed by the county for a minimum of three years following the purchase and would have to repay the transfer tax if the residency and employment requirements are not met. The county transfer tax may not exceed 1% for a second and subsequent residential property purchase made by a Prince George's County State's Attorney under specified circumstances. State's Attorney includes the State's Attorney, deputy State's Attorneys, and assistant State's Attorneys.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County transfer tax revenues decrease beginning in FY 2012. The amount of the decrease depends on the number of residences purchased by Prince George's County State's Attorneys and the consideration paid on each property. County revenues decrease by approximately \$3,800 for each exemption granted under the bill. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 373 of 2006 established a county transfer tax exemption, applicable only in Prince George's County, for Prince George's County police officers or a municipal police officer who operates in the county. To be eligible for the exemption, the property must be the officer's principal residence and be a first-time home purchase in Maryland. In addition, the county transfer tax is capped at 1% for a second and subsequent residential purchase. Chapter 248 of 2007 extended the exemption to Prince George's County deputy sheriffs.

Background: A local transfer tax may be imposed on instruments of writing transferring title to real property. Sixteen counties and Baltimore City currently impose a local transfer tax. **Exhibit 1** shows the current county transfer tax rates and estimated revenues for fiscal 2009 through 2011. The local transfer tax rate in Prince George's County is set at 1.4%. The county is expected to collect \$69.7 million in transfer taxes in fiscal 2011.

Local Fiscal Effect: Prince George's County transfer tax revenues will decrease beginning in fiscal 2012. However, the amount of any decrease depends on the number of properties that are transferred and the amount of the consideration for each property. However, at this time, the number of properties purchased by a Prince George's County State's Attorney cannot be reliably estimated. As a point of reference the projected revenue loss of one exemption pursuant to the bill totals approximately \$3,800. The estimate is based on the current owner-occupied average assessment, before application of the homestead property tax credit (\$274,161) and the county's current transfer tax rate (1.4%).

Prince George's County indicates that there are 86 assistant State's Attorneys and 2 deputy State's Attorneys in the Prince George's County State's Attorney's Office. Currently, 10 assistant State's Attorney positions are vacant as is 1 deputy State's Attorney position.

Exhibit 1
Local Transfer Taxes – Rates and Revenue Collections

County	Local Tax Rates	FY 2009	FY 2010	FY 2011
Allegany	0.50%	\$425,465	\$441,940	\$395,000
Anne Arundel	1.00%	27,391,962	30,752,000	30,000,000
Baltimore City	1.50%	23,388,980	26,022,596	18,622,000
Baltimore	1.50%	36,000,000	38,000,000	40,000,000
Calvert	0.00%	0	0	0
Caroline	0.50%	326,455	373,983	376,210
Carroll	0.00%	0	0	0
Cecil	\$10 per deed	22,383	23,509	23,500
Charles	0.00%	0	0	0
Dorchester	0.75%	862,195	977,338	634,454
Frederick	0.00%	0	0	0
Garrett	1.00%	1,395,679	1,206,104	912,000
Harford	1.00%	9,146,528	11,098,307	9,160,578
Howard	1.00%	18,370,976	21,276,812	18,000,000
Kent	0.50%	449,736	481,441	435,000
Montgomery	1.00%	64,771,739	65,520,000	75,490,000
Prince George's	1.40%	66,992,498	68,767,410	69,659,900
Queen Anne's	0.50%	49,647	93,002	155,000
St. Mary's	1.00%	4,389,061	4,483,543	4,400,000
Somerset	0.00%	0	0	0
Talbot	1.00%	2,958,214	2,848,707	3,200,000
Washington	0.50%	1,617,340	1,417,424	1,390,000
Wicomico	0.00%	0	0	0
Worcester	0.50%	2,843,502	3,254,790	2,500,000
Total		\$261,402,360	\$277,038,906	\$275,353,642

Source: Maryland Association of Counties; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, State Department of Assessments and Taxation, State's Attorneys' Association, Department of Legislative Services

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