

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 689

(Senator Benson, *et al.*)

Budget and Taxation

Ways and Means

Prince George's County - Transfer Tax - Deputy Sheriffs

This bill caps the Prince George's County transfer tax rate at 1% for a second and subsequent residential property purchase made by a Prince George's County deputy sheriff.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County transfer tax revenues decrease beginning in FY 2016. The amount of the decrease depends on the number of residences purchased by Prince George's County deputy sheriffs and the consideration paid on each property. County revenues decrease by approximately \$1,000 for each exemption granted under the bill. County expenditures are not affected. **This bill may impose a mandate on a unit of local government.**

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 for a first-time residential property purchase 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 estimated local transfer tax revenues for fiscal 2013 through 2015. The local transfer tax rate in Prince George's County is set at 1.4%. The county is expected to collect \$77.7 million in transfer taxes in fiscal 2015.

Local Fiscal Effect: The bill caps the Prince George's County transfer tax rate at 1.0% for the second and subsequent residential property purchase made by a Prince George's County deputy sheriff. As a result, Prince George's County transfer tax revenues will decrease beginning in fiscal 2016. However, the amount of any decrease depends on the number of properties that are purchased and the amount of consideration for each property. However, at this time, the number of properties purchased by a Prince George's County deputy sheriff cannot be reliably estimated. As a point of reference, the projected revenue loss for one exemption pursuant to the bill will be approximately \$1,000. The estimate is based on the current owner-occupied average assessment, before application of the homestead property tax credit (\$248,431) and the county's current transfer tax rate (1.4%).

Prince George's County indicates that there are 217 deputy sheriffs and six deputy sheriff officials in the Prince George's County Sheriff's Office. The county is authorized to have 264 deputy sheriffs.

Additional Information

Prior Introductions: None.

Cross File: HB 970 (Delegate D. Barnes, *et al.*) - Ways and Means.

Information Source(s): Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2015
md/hlb Revised - Clarification - June 19, 2015

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Exhibit 1

Transfer Tax Revenue Trend for Fiscal 2013-2015

County	FY 2013	FY 2014	FY 2015	FY 2013-2014 \$ Difference	FY 2014-2015 \$ Difference	Average Annual Difference
Allegany	\$300,696	\$478,515	\$375,000	\$177,819	-\$103,515	11.7%
Anne Arundel	38,996,647	38,000,000	39,000,000	-996,647	1,000,000	0.0%
Baltimore City	27,506,213	35,000,000	27,354,000	7,493,787	-7,646,000	-0.3%
Baltimore	52,962,566	52,000,000	52,500,000	-962,566	500,000	-0.4%
Calvert	0	0	0	0	0	N/A
Caroline	377,400	344,652	280,000	-32,748	-64,652	-13.9%
Carroll	63,462	25,000	30,000	-38,462	5,000	-31.2%
Cecil	23,946	25,009	23,000	1,063	-2,009	-2.0%
Charles	0	0	0	0	0	N/A
Dorchester	619,002	634,992	600,000	15,990	-34,992	-1.5%
Frederick	0	0	0	0	0	N/A
Garrett	1,424,217	1,300,000	1,300,000	-124,217	0	-4.5%
Harford	10,854,827	11,646,254	11,200,000	791,427	-446,254	1.6%
Howard	25,253,440	26,900,788	27,000,000	1,647,348	99,212	3.4%
Kent	451,355	559,650	531,000	108,295	-28,650	8.5%
Montgomery	85,409,703	95,010,000	98,680,000	9,600,297	3,670,000	7.5%
Prince George's	69,475,489	72,036,700	77,692,100	2,561,211	5,655,400	5.7%
Queen Anne's	1,351,064	1,461,174	1,200,000	110,110	-261,174	-5.8%
St. Mary's	4,268,826	5,016,978	5,350,000	748,152	333,022	11.9%
Somerset	0	0	0	0	0	N/A
Talbot	3,024,512	3,341,976	2,750,000	317,464	-591,976	-4.6%
Washington	1,484,247	1,593,811	1,400,000	109,564	-193,811	-2.9%
Wicomico	0	0	0	0	0	N/A
Worcester	2,912,622	3,165,273	2,750,000	252,651	-415,273	-2.8%
Total	\$326,760,234	\$348,540,772	\$350,015,100	\$21,780,538	\$1,474,328	3.5%

Source: Department of Legislative Services; County Budgets