

# SENATE BILL 953

Q1

8lr2253

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By: **Senators Eckardt and Ferguson**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 31, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~**Tax – Property – Collateralization of Tax Lien Securities**~~  
3 **Recordation Tax – Collection by State Department of Assessments and Taxation**  
4 **– Distribution**

5 FOR the purpose of ~~authorizing a county or municipal corporation to place tax liens into a~~  
6 ~~trust for the purpose of issuing tax lien collateralized securities for certain purposes;~~  
7 ~~providing that the securities are the obligation of the county or municipal corporation~~  
8 ~~payable on certain conditions; providing that a tax lien collateralized security may~~  
9 ~~not be issued under this Act unless approved by the governing body of the county or~~  
10 ~~municipal corporation issuing the security; requiring a county or municipal~~  
11 ~~corporation to adopt certain rules and procedures; and generally relating to the~~  
12 ~~collateralization of tax lien securities~~ altering the distribution of revenue from  
13 certain recordation taxes collected by the State Department of Assessments and  
14 Taxation; requiring the Comptroller, in consultation with the Department, to hire  
15 an independent certified public accountant to perform an audit of the distribution of  
16 certain revenue; requiring that the audit be completed by a certain date; requiring  
17 the Comptroller, under certain circumstances, to pay a certain amount to certain  
18 counties from a certain account; and generally relating to the distribution of revenue  
19 from the recordation tax.

20 BY repealing

21 Article – Tax – Property

22 Section 12–110(d)

23 Annotated Code of Maryland

24 (2012 Replacement Volume and 2017 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
 2 Article – Tax – Property  
 3 Section ~~14-807~~ 12-110(d)  
 4 Annotated Code of Maryland  
 5 (2012 Replacement Volume and 2017 Supplement)

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

8 **Article – Tax – Property**

9 ~~14-807.~~

10 ~~(A) (1) A COUNTY OR MUNICIPAL CORPORATION MAY PLACE TAX LIENS~~  
 11 ~~INTO A TRUST FOR THE PURPOSE OF ISSUING TAX LIEN COLLATERALIZED~~  
 12 ~~SECURITIES.~~

13 ~~(2) A COUNTY OR MUNICIPAL CORPORATION MAY USE ANY REVENUE~~  
 14 ~~OR LOAN PROCEEDS UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR~~  
 15 ~~REDEVELOPMENT IN THE COUNTY OR MUNICIPAL CORPORATION OR ANY OTHER~~  
 16 ~~PURPOSE FOR WHICH THE COUNTY OR MUNICIPAL CORPORATION IS AUTHORIZED~~  
 17 ~~TO USE REVENUE.~~

18 ~~(B) A TAX LIEN COLLATERALIZED SECURITY ISSUED BY A COUNTY OR~~  
 19 ~~MUNICIPAL CORPORATION SHALL BE THE OBLIGATION OF THE COUNTY OR~~  
 20 ~~MUNICIPAL CORPORATION AND SHALL BE PAYABLE ONLY ON THE REDEMPTION OF~~  
 21 ~~THE TAX LIENS OR THE LIQUIDATION OF THE RELATED REAL ESTATE PARCELS AND~~  
 22 ~~OTHER COLLATERAL OR CREDIT PLEDGED TO SECURE THE OBLIGATIONS.~~

23 ~~(C) A TAX LIEN COLLATERALIZED SECURITY MAY NOT BE ISSUED UNDER~~  
 24 ~~THIS SECTION UNLESS APPROVED BY THE GOVERNING BODY OF THE COUNTY OR~~  
 25 ~~MUNICIPAL CORPORATION ISSUING THE SECURITY.~~

26 ~~(D) BEFORE ISSUING A TAX LIEN COLLATERALIZED SECURITY UNDER THIS~~  
 27 ~~SECTION, A COUNTY OR MUNICIPAL CORPORATION SHALL ADOPT RULES AND~~  
 28 ~~PROCEDURES FOR:~~

29 ~~(1) IDENTIFYING TAX LIENS TO BE PLACED IN TRUST FOR~~  
 30 ~~COLLATERALIZATION;~~

31 ~~(2) ISSUANCE AND SALE OF COLLATERALIZED SECURITIES; AND~~

32 ~~(3) REVIEW AND APPROVAL OF THE TERMS AND OBLIGATIONS OF THE~~  
 33 ~~SECURITIES.~~

1 12-110.

2 [(d) (1) The Department shall deduct the cost of administering the recordation  
3 tax from the taxes collected under this title and credit those revenues to the fund  
4 established under § 1-203.3 of the Corporations and Associations Article.

5 (2) After deducting the revenues required under paragraph (1) of this  
6 subsection, the recordation tax collected under §§ 12-103(d) and 12-117 of this title shall  
7 be paid to the Comptroller. The Comptroller shall distribute the revenue to the counties in  
8 the ratio that the recordation tax collected in the prior fiscal year in each county bears to  
9 the total recordation tax collected in all counties in that year.]

10 (D) (1) THE DEPARTMENT SHALL REMIT THE RECORDATION TAX  
11 COLLECTED UNDER §§ 12-103(D) AND 12-117 OF THIS TITLE AND ANY SUPPORTING  
12 DOCUMENTS TO THE COMPTROLLER.

13 (2) FROM THE REVENUE RECEIVED, THE COMPTROLLER SHALL:

14 (I) DEDUCT THE COST TO THE DEPARTMENT OF COLLECTING  
15 THE RECORDATION TAX UNDER §§ 12-103(D) AND 12-117 OF THIS TITLE; AND

16 (II) DISTRIBUTE THE REMAINDER OF THE REVENUE TO THE  
17 COUNTY IN WHICH:

18 1. ANY ENTITY THAT IS PARTY TO THE ARTICLES OF  
19 TRANSFER, ARTICLES OF MERGER, OR ARTICLES OF CONSOLIDATION HAS A  
20 PHYSICAL PRESENCE; OR

21 2. THE REAL PROPERTY THAT IS DIRECTLY OR  
22 BENEFICIALLY OWNED BY A REAL PROPERTY ENTITY IS LOCATED.

23 (3) (I) IF THERE IS MORE THAN ONE COUNTY ELIGIBLE TO  
24 RECEIVE A DISTRIBUTION UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION, THE  
25 COMPTROLLER SHALL DIVIDE THE REVENUE EQUALLY AMONG THE ELIGIBLE  
26 COUNTIES.

27 (II) THE COMPTROLLER SHALL DISTRIBUTE ANY REVENUE FOR  
28 WHICH THERE IS NO COUNTY ELIGIBLE TO RECEIVE THE DISTRIBUTION UNDER  
29 PARAGRAPH (2)(II) OF THIS SUBSECTION TO THE FUND ESTABLISHED UNDER §  
30 1-203.3 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That:

1       (a) This section applies to Anne Arundel County, Baltimore City, Caroline  
 2 County, Cecil County, and Howard County.

3       (b) (1) The Comptroller, in consultation with the State Department of  
 4 Assessments and Taxation, shall hire an independent certified public accountant to  
 5 perform an audit of the distribution of recordation tax revenue under § 12-110(d) of the  
 6 Tax – Property Article for fiscal years 2010 through 2016.

7       (2) The audit required under paragraph (1) of this subsection shall be  
 8 completed by July 1, 2019.

9       (c) If the audit under subsection (b) of this section determines that a county to  
 10 which this section applies received an underpayment of recordation tax revenue, the  
 11 Comptroller shall pay the amount due to the county from the Local Reserve Account  
 12 established to comply with § 2-606 of the Tax – General Article.

13       SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 14 July 1, 2018.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.