

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 465

(Chair, Ways and Means Committee)(By Request -
Departmental - Assessments and Taxation)

Ways and Means

Budget and Taxation

State Department of Assessments and Taxation - Distribution of Recordation and
Transfer Tax Revenues

This departmental bill alters the distribution of specified recordation taxes and local transfer taxes collected by the State Department of Assessments and Taxation (SDAT) so that these revenues will now be distributed to the counties by SDAT. Under current law, SDAT collects specified recordation and transfer taxes and then remits this revenue to the Comptroller for distribution to the counties. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None. The bill does not affect State finances.

Local Effect: The bill alters the manner in which specified recordation and transfer taxes are distributed to local governments but does not alter the overall amount collected.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: When real property is sold or transferred, the majority of these transactions occur with a deed being recorded by a clerk of the court or a county land records office in the county where the property is located. Payments are submitted for the State transfer tax and county transfer and recordation tax. When real property is transferred as a result of a

merger of consolidation of business entities, payment of these taxes is made at SDAT headquarters in Baltimore.

SDAT remits the local transfer taxes that are collected to the Comptroller for distribution to the counties. County recordation taxes collected by the department are also remitted to the Comptroller. The Comptroller then remits the recordation tax revenues to the counties based upon the information reported for total amount of recordation taxes collected, as provided by the clerk of the court or county finance office, as applicable.

For recordation taxes that are collected by the clerk of the court, the Administrative Office of the Court reports all transactions and amounts of tax collected to the Comptroller. County finance offices report this same information to the Comptroller. The Comptroller uses this information to calculate the percentage of recordation tax collections attributable to each county, which is then used by SDAT to allocate the percentage of recordation tax revenues that are to be distributed to each county from the recordation taxes that are collected by the department. The distribution of these revenues is then made by the Comptroller.

Background: SDAT advises that, for fiscal 2010 through 2015, some counties did not receive any recordation tax revenues from transactions that were filed at SDAT. It is likely that, when counties began collecting recordation and transfer taxes, they were unaware of the various reporting requirements necessary to receive a distribution of the taxes collected by SDAT.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Counties; Comptroller's Office; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2019
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: SDAT – Distribution of Recordation and Transfer Tax Revenues

BILL NUMBER: HB465

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS