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Budget and Taxation Committee
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill 476 – Recordation Tax - Indemnity Mortgage Exemption - Threshold Amount
Ways and Means
March
1:00 PM
Position: FAV

Good afternoon, Chair Atterbeary, Vice Chair Wilkins, and distinguished members of the committee. It is my pleasure to testify today in **support of Senate Bill 476 - Recordation Tax - Indemnity Mortgage Exemption - Threshold Amount Budget and Taxation.**

Senate Bill 476 passed the Senate with unanimous support. The bill was slightly amended from its crossfile, House Bill 371, which was heard in front of this committee. The amendments reduced the indemnity mortgage exemption from 15,000,000 to 12,500,000. With the increased costs to running small businesses and to construct/renovate affordable housing, increasing the cap on this type of mortgage will serve to stimulate economic growth in Maryland.

In 2013, when the last use of indemnity mortgage was passed, the revenue generated was approximately \$237 million. The projected recordation tax revenues are projected to total \$609 million in FY 2023.

In the past 10 years, accounting for inflation and the increased costs to business community, increasing the threshold would provide great relief to small businesses and serve to stimulate economic growth in Maryland. All loans over \$15 million will still be taxed at the current recordation tax rate for that county, for the entire loan amount, which will continue to provide the county with tax revenue.

For these reasons, I urge a favorable report on Senate Bill 486. Thank you for your kind consideration