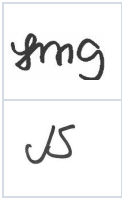


## BILL 17-23 – TAXATION – RECORDATION TAX RATES – AMENDMENTS



### Description

Bill 17-23 would increase the rate of the recordation tax levied under state law for certain transactions involving the transfer of property and allocate the revenue received from the recordation tax to capital improvements for schools and to the Montgomery Housing Initiative Fund.



Lisa Govoni, Housing Planner IV, Countywide Planning and Policy Division,  
[Lisa.Govoni@montgomeryplanning.org](mailto:Lisa.Govoni@montgomeryplanning.org), (301) 650-5624

Jason Sartori, Chief, Countywide Planning and Policy Division,  
[Jason.Sartori@MontgomeryPlanning.org](mailto:Jason.Sartori@MontgomeryPlanning.org), (301) 495-2172

## SUMMARY

- Bill 17-23 would increase the rate of the recordation tax levied under state law for certain transactions, allocate the revenue received from the recordation tax for certain uses, and generally amend the law governing the recordation tax.

## BILL INFORMATION

### Sponsors

Councilmember Mink  
Councilmember Jawando

### Review Basis

Chapter 52, Taxation  
Section 52-16B

### Public Hearing

4/11/2023  
*(comments from the Planning Board will  
be sent up prior to the first committee work  
session)*

### Introduction Date

3/21/2023

### Planning Division

Countywide Planning & Policy

### Planning Board Information

MCPB  
4/20/2023  
Item No. 12

## BILL 17-23 – RECORDATION TAX - AMENDMENTS

### BACKGROUND

On average, around 12,500 housing units a year are sold in Montgomery County, with 2021 being a notable outlier where the county sold over 15,500 units. When sold, these units pay a recordation tax. The recordation tax is an excise tax paid on the sale of a property by the purchaser. The tax is also paid when a mortgage is refinanced, and the new amount borrowed is higher than the principal remaining on the original mortgage. The tax is progressive in that the amount paid is based on the sales price of the property and the rate paid increases at higher sales prices. The recordation tax is a source of funding for the Capital Improvements Program (CIP) generally, schools CIP specifically, and rental assistance in the county.

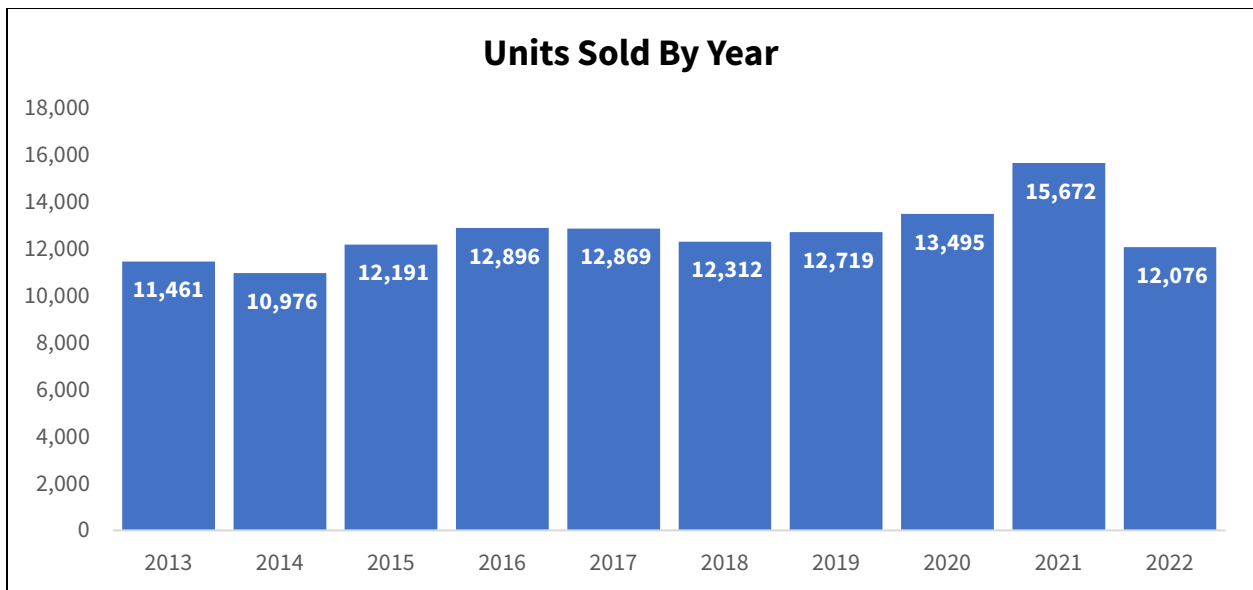


Figure 1: Units Sold by Year (Source: BrightMLS)

Description: The number of for-sale units sold per year in Montgomery County, MD.

In May 2016, the County Council adopted [Bill 15-16](#), which took effect on September 1, 2016 and dedicated more funding to the MCPS CIP.

### GROWTH AND INFRASTRUCTURE POLICY RECORDATION TAX RECOMMENDATIONS

As part of the 2020 update to the [Growth and Infrastructure Policy](#), the Planning Board recommended incorporating progressive modifications into the calculation of the Recordation Tax to provide additional funding for school construction and the county's Housing Initiative Fund. These recommendations were in part to offset anticipated revenue shortfalls from decreased impact tax

rates and due to the large role that single-family unit turnover plays in school enrollment growth<sup>1</sup>. These recommendations were not acted upon by the County Council.

Currently, the recordation tax provides \$2.37 to the MCPS CIP for every \$500 interval (or part thereof) above \$100,000 in sales price. In 2020, the Planning Board recommended increasing that component by 50 cents to \$2.87. Additionally, the Planning Board recommended adding a new 50 cent charge earmarked for the MCPS CIP for every \$500 interval above \$500,000. To help make homeownership attainable to more people, the Planning Board recommended increasing the recordation tax exemption for first-time homebuyers from the first \$100,000 in sales price to the first \$500,000.

In its recommendations on the recordation tax, the Planning Board also recognized the increasing need for rental assistance, which is funded through the Housing Initiative Fund (HIF). The HIF is a locally funded housing trust fund that receives revenue from a variety of sources including loan repayments and property tax revenue. Administered by Montgomery County's Department of Housing and Community Affairs, the fund provides loans to the Housing Opportunities Commission (HOC), nonprofit developers, experienced rental property owners, and for-profit developers to build new housing units, renovate deteriorated multifamily housing developments, preserve existing affordable housing, and provide housing for people with disabilities.

The portion of the Recordation Tax that supports the HIF must be used for rental assistance to low- and moderate-income households. These revenues are used to pay traditional monthly rental subsidies but can also be used to permanently buy down the cost of a unit to make it more affordable (for example, making a unit that would have been affordable to a household earning 60 percent AMI affordable to a household earning 30 percent AMI).

The Planning Board recommended a more progressive Recordation Tax structure to further support rental assistance funding through the HIF, with a charge of \$1.00 for every \$500 interval in excess of \$1 million. The proposed charge would only be applied to the sale of single-family dwelling units (both detached and attached).

Figures 5 and 6 below demonstrate the impact of the 2020 Planning Board's recommended changes to the recordation tax applied to homes sold at various price points. While all price points would have paid more, the amount of the increase would have been larger for higher priced homes. While these calculations account for the exemption on the first \$100,000 of a principal residence, it does not account for potential reductions in recordation tax charges due to the proposed exemption for first-time homebuyers. The comparisons provided in figures 5 and 6 are based on data in Appendix 1.

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<sup>1</sup> In the 2020 Growth and Infrastructure Policy, Montgomery Planning estimates that more than 70 percent of recent countywide growth in MCPS enrollment can be attributed to turnover of existing dwelling units.

At the time, Montgomery Planning roughly estimated that the proposed changes would have generated approximately \$20 million more in revenue for school construction in FY19 (this estimate did not account for offsets from the proposed first-time homebuyer exemption).

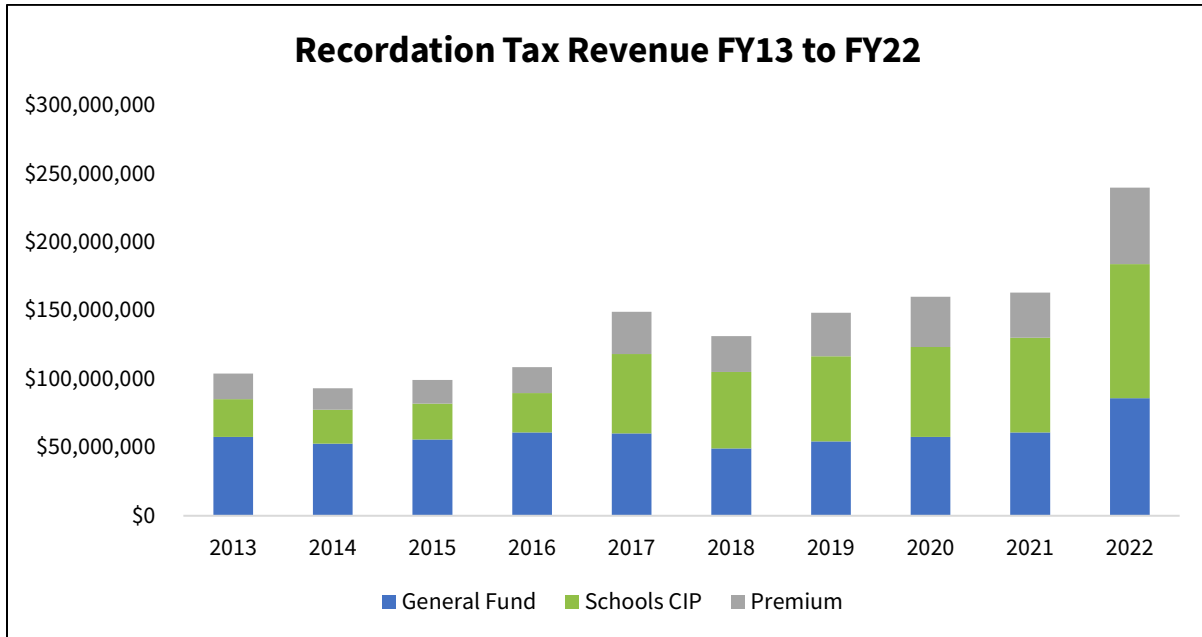


Figure 2: Recordation Tax Revenue (Source: Department of Finance)  
Description: Recordation tax revenue from FY 13 to FY22, broken up by elements (general fund, schools CIP, and premium).

## BILL 17-23 OVERVIEW

Bill 17-23 would increase the rate of the recordation tax levied under state law for certain transactions involving the transfer of property and allocate the revenue received from the recordation tax to capital improvements for schools and to the Montgomery Housing Initiative Fund (HIF).

There are three elements of recordation tax:

- 1) The base recordation rate, which is allocated to the county's general fund
- 2) The school increment rate, which is allocated to the schools CIP
- 3) The recordation tax premium rate, which is equally allocated to the county's CIP generally and the HIF

Currently, the base recordation rate is \$2.08 for each \$500 on the sale price or, if refinancing, on the additional amount borrowed over the remaining principal. For principal residences, the first \$100,000 of the sale cost is exempt. Bill 17-23 would not change the base rate or how revenue is allocated to the county's general fund.

The school increment is also based on the sale price or, if refinancing, on the additional amount borrowed over the remaining principal. Bill 17-23 would raise the rate from \$2.37 to \$3.79 for each

\$500, effective July 1, which is about a 60 percent tax increase. The proceeds can be used for any Montgomery County Public Schools (MCPS) capital project.

Unlike the other two elements, the recordation tax premium applies only to the cost of a property or a refinancing that is more than \$500,000. The proceeds from the premium are split, with half allocated to County Government capital projects and the other half to rent assistance. Bill 17-23 would raise the rate from \$2.30 to \$3.45 for each \$500, which would be about a 50 percent tax increase.

As prepared by Council staff in [the introduction packet for the Bill](#), the chart below illustrates the fiscal impact of Bill 17-23, which is based on information by the Department of Finance. The chart shows a 60 percent increase for the school increment, the increased premium portion for units over \$500k increasing by 50 percent, and the impact of the new premium for units over \$1 million.

**Recordation Tax Increases by Fiscal Year**  
**School Increment +60%; Increased Premium 500K-1M +50%; Increased Premium 1M+ +100%**

	FY23-28	FY23	FY24	FY25	FY26	FY27	FY28
<b>Recordation Tax</b>	<b>201,581,253</b>	-	37,524,451	39,281,628	39,510,609	41,579,571	43,684,994
Recordation Tax - General Fund	-	-	-	-	-	-	-
Recordation Tax - School CIP	<b>201,581,253</b>	-	37,524,451	39,281,628	39,510,609	41,579,571	43,684,994
<b>Recordation Tax - Premium</b>	<b>118,019,272</b>	-	<b>21,969,347</b>	<b>22,998,116</b>	<b>23,132,178</b>	<b>24,343,488</b>	<b>25,576,144</b>
MCPS CIP	-	-	-	-	-	-	-
County Govt CIP	<b>59,009,636</b>	-	10,984,673	11,499,058	11,566,089	12,171,744	12,788,072
Rental Assistance	<b>59,009,636</b>	-	10,984,673	11,499,058	11,566,089	12,171,744	12,788,072
<b>Recordation Tax + Premium Total</b>	<b>319,600,525</b>	-	<b>59,493,798</b>	<b>62,279,744</b>	<b>62,642,787</b>	<b>65,923,059</b>	<b>69,261,138</b>
<b>CIP Revenue Increase (School CIP + County Govt CIP)</b>	<b>260,590,889</b>	-	<b>48,509,124</b>	<b>50,780,686</b>	<b>51,076,698</b>	<b>53,751,315</b>	<b>56,473,066</b>

Figure 3 Recordation Tax Increases by Fiscal Year (Source: County Council)

Description: Recordation tax increments by fiscal year, which illustrates a 60 percent increase for the school increment, the increased premium portion for units over \$500k increasing by 50 percent, and the impact of the new premium for units over \$1 million.

## COMPARISON

A summary of the current recordation tax, the 2020 Planning Board proposal, and the recommendations in Bill 17-23 are outlined in the chart and graph below:

	<b>Current</b>	<b>2020 PB Proposal</b>	<b>Bill 17-23</b>
<b>Exemptions</b>	<ul style="list-style-type: none"> <li>• First \$100,000 if principal residence</li> </ul>	<ul style="list-style-type: none"> <li>• First \$100,000 if principal residence</li> <li>• First \$500,000 if first-time homebuyer</li> </ul>	<ul style="list-style-type: none"> <li>• First \$100,000 if principal residence</li> </ul>
<b>For each \$500 that the price exceeds \$100,000</b>	<ul style="list-style-type: none"> <li>• \$2.08 to the county's general fund</li> <li>• \$2.37 to the MCPS CIP</li> </ul>	<ul style="list-style-type: none"> <li>• \$2.08 to the county's general fund</li> <li>• \$2.87 to the MCPS CIP</li> </ul>	<ul style="list-style-type: none"> <li>• \$2.08 to the county's general fund</li> <li>• \$3.79 to the MCPS CIP</li> </ul>
<b>For each \$500 that the price exceeds \$500,000</b>	<ul style="list-style-type: none"> <li>• \$1.15 to the CIP in general</li> <li>• \$1.15 to rental assistance</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.15 to the CIP in general</li> <li>• \$1.15 to rental assistance</li> <li>• \$0.50 to the MCPS CIP</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.725 to the CIP in general</li> <li>• \$1.725 to rental assistance</li> </ul>
<b>For each \$500 that the price exceeds \$1,000,000</b>		<ul style="list-style-type: none"> <li>• \$1.00 to the Housing Initiative Fund</li> </ul>	<ul style="list-style-type: none"> <li>• \$0.575 to the CIP in general</li> <li>• \$0.575 to rental assistance</li> </ul>

Figure 4: Comparison of Recordation Proposals

Description: Comparison of the current and recommended recordation tax proposals by each increment.

Appendix 1 provides a breakdown of recordation tax collections by element (General Fund, MCPS CIP, General CIP and the HIF) for a principal residence (assumes the \$100,000 exemption) at various price points. Planning staff calculated the different components under the three recordation tax scenarios shown above: the current recordation tax structure, the 2020 Planning Board proposal structure, and the structure proposed through Bill 17-23. Figure 5 is a bar chart that graphically summarizes the data in Appendix 1 and provides a visual comparison across the three scenarios.

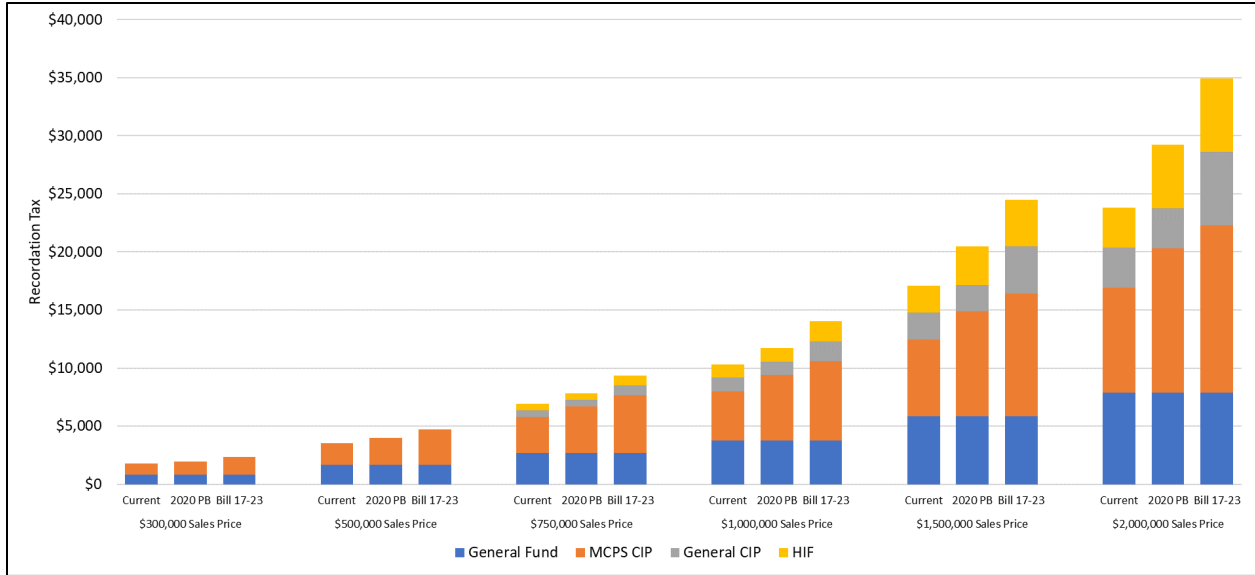


Figure 5: Recordation Components by Proposal for Select Sales Prices for a Principal Residence

Description: Current and proposed recordation tax components for a principal residence, broken up by general fund, MCPS CIP, General CIP, and HIF.

Figure 6 provides comparisons between the current recordation tax structure and the 2020 Planning Board recommendation as well as the changes proposed in Bill 17-23. It shows the extent of the increase in recordation tax for different price points. It also demonstrates the progressive nature of both the 2020 Planning Board recommendation and Bill 17-23, showing how the increase in the recordation tax increases and represents a larger share of the home sales price as the sales price increases. The figure also demonstrates the impact on funding for the MCPS CIP and the HIF.

2020 Planning Board Rec.	Home Sales Price					
	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
Tax Increase	11%	11%	13%	14%	20%	23%
Tax Increase Amount	\$200	\$400	\$900	\$1,400	\$3,400	\$5,400
Increase as Share of Price	0.07%	0.08%	0.12%	0.14%	0.23%	0.27%
MCPS Funding Increase	21%	21%	29%	33%	36%	38%
HIF Funding Increase	N/A	N/A	0%	0%	43%	58%

Bill 17-23	Home Sales Price					
	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
Tax Increase	32%	32%	35%	36%	44%	47%
Tax Increase Amount	\$568	\$1,136	\$2,421	\$3,706	\$7,426	\$11,146
Increase as Share of Price	0.19%	0.23%	0.32%	0.37%	0.50%	0.56%
MCPS Funding Increase	60%	60%	60%	60%	60%	60%
HIF Funding Increase	N/A	N/A	50%	50%	75%	83%

Figure 6: Comparison of Recordation Tax proposals by various home sales prices

Description: Comparison of Bill 17-23 and Planning Board's 2020 recommend recordation amounts, by various homes sales prices.



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## CONCLUSION

Planning staff takes no position on the recordation tax bill. Staff understands there is a need for both increased support for rental assistance and the MCPS CIP but is also sympathetic to the plight of homeowners faced with increasing housing costs in a housing market already characterized by low supply and general unaffordability.

The recordation tax bill is something typically out of the purview of the Planning Board, however, the Planning Board did make recommendations in 2020 for modifications to the recordation tax as part of a package of recommendations in the Growth and Infrastructure Policy. Staff believes the Planning Board has three options as it relates to Bill 17-23:

- 1) Take no position on Bill 17-23.
- 2) Send a memo to the County Council reminding them of the Planning Board's previous recommendation regarding the recordation tax in the context of the Growth and Infrastructure Policy. The Planning Board's previous recommendation does represent an increase, but a more modest increase as compared to Bill 17-23 and provides more support for first-time homebuyers.
- 3) Send a memo to the County Council that either supports (with or without amendments) or does not support Bill 17-23.

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## ATTACHMENTS

- 1) Appendix 1: Recordation Tax Elements for Various Price Points
- 2) Bill 17-23 Introduction Package

## APPENDIX 1: RECORDATION TAX ELEMENTS FOR VARIOUS PRICE POINTS

See below for current and proposed recordation tax element increments by home sales price.

Current Recordation Tax	Home Sales Price					
	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
General Fund	\$832	\$1,664	\$2,704	\$3,744	\$5,824	\$7,904
MCPS CIP	\$948	\$1,896	\$3,081	\$4,266	\$6,636	\$9,006
General CIP	\$0	\$0	\$575	\$1,150	\$2,300	\$3,450
HIF	\$0	\$0	\$575	\$1,150	\$2,300	\$3,450
<b>TOTAL</b>	<b>\$1,780</b>	<b>\$3,560</b>	<b>\$6,935</b>	<b>\$10,310</b>	<b>\$17,060</b>	<b>\$23,810</b>

2020 Planning Board Rec.	Home Sales Price					
	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
General Fund	\$832	\$1,664	\$2,704	\$3,744	\$5,824	\$7,904
MCPS CIP	\$1,148	\$2,296	\$3,981	\$5,666	\$9,036	\$12,406
General CIP	\$0	\$0	\$575	\$1,150	\$2,300	\$3,450
HIF	\$0	\$0	\$575	\$1,150	\$3,300	\$5,450
<b>TOTAL</b>	<b>\$1,980</b>	<b>\$3,960</b>	<b>\$7,835</b>	<b>\$11,710</b>	<b>\$20,460</b>	<b>\$29,210</b>

Bill 17-23	Home Sales Price					
	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
General Fund	\$832	\$1,664	\$2,704	\$3,744	\$5,824	\$7,904
MCPS CIP	\$1,516	\$3,032	\$4,927	\$6,822	\$10,612	\$14,402
General CIP	\$0	\$0	\$863	\$1,725	\$4,025	\$6,325
HIF	\$0	\$0	\$863	\$1,725	\$4,025	\$6,325
<b>TOTAL</b>	<b>\$2,348</b>	<b>\$4,696</b>	<b>\$9,356</b>	<b>\$14,016</b>	<b>\$24,486</b>	<b>\$34,956</b>

Description: The current recordation tax, the 2020 Planning Board recommendation, and Bill 17-23's recordation tax recommendation by various home sales prices broken up by the amount that would go toward each element (General Fund, MCPS CIP, General CIP, and HIF).



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Ludeen McCartney, Legislative Attorney  
**Purpose:** To introduce agenda item – no vote expected  
**Keywords:** #RecordationTax

AGENDA ITEM #3A  
March 21, 2023  
**Introduction**

## SUBJECT

Bill 17-23, Taxation – Recordation Tax Rates - Amendments

Lead Sponsor: Councilmember Mink  
Co-sponsor: Councilmember Jawando

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A; Bill introduction

## DESCRIPTION/ISSUE

Bill 17-23 would:

- (1) increase the rate of the recordation tax levied under state law for certain transactions;
- (2) allocate the revenue received from the recordation tax for certain uses; and
- (3) generally amend the law governing the recordation tax.

## SUMMARY OF KEY DISCUSSION POINTS

- N/A

### This report contains:

Staff Report  
Bill 17-23

Pages 1-3  
©1

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**MEMORANDUM**

March 16, 2023

TO: County Council

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: **Introduction:** Bill 17-23, Taxation – Recordation Tax Rates – Amendments

Bill 17-23, Taxation – Recordation Tax Rates – Amendments, sponsored by Lead Sponsor Councilmember Mink, and co-sponsor Councilmember Jawando is scheduled to be introduced on March 21, 2023. A public hearing is tentatively scheduled for April 11 at 1:30 p.m.

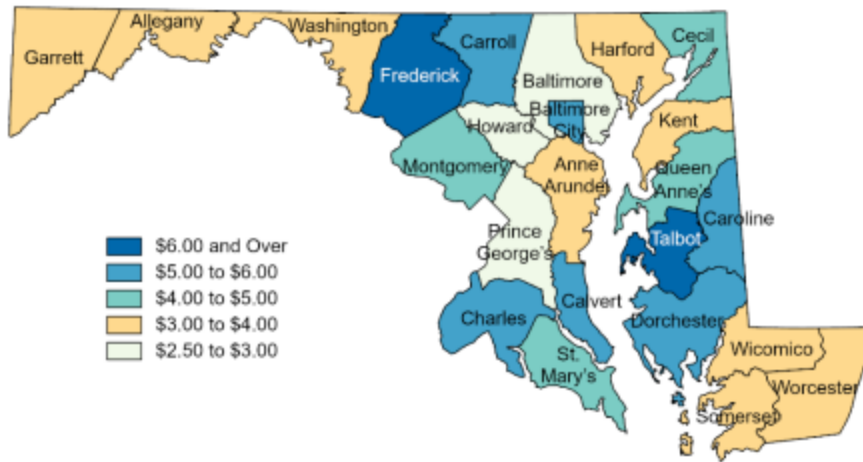
Bill 17-23 would increase the rate of the recordation tax levied under state law for certain transactions involving the transfer of property and allocate the revenue received from the recordation tax to capital improvements for schools and to the Montgomery Housing Initiative Fund (HIF).

**BACKGROUND**

Recordation tax is levied under Md. Tax- Property Code §§12-101 to 12-118, as amended. The tax applies to the principal amount of the debt secured by a mortgage or deed of trust (when a house or building is being purchased), or when a mortgage is refinanced, the tax applies to the amount of the principal debt that is greater than the principal remaining on the original debt.

Recordation tax rates range from \$2.50 per \$500 transaction in Baltimore and Howard counties to \$7.00 per \$500 of transaction in Frederick County. Most counties have tax rates set between \$3.00 and \$5.00. Recordation tax revenues, which declined because of decreased economic activity due to the pandemic are beginning to trend upward. See, [County Revenue Outlook Report - FY 2023](#), as published by the Department of Legislative Services.

## Recordation Tax Revenue – County Tax Rates FY2023



**Source:** [County Revenue Outlook Report - FY 2023](#)

### BILL SPECIFICS

There are three elements of recordation tax: 1) the “base” recordation rate; 2) the school increment rate; and 3) the recordation tax premium rate. County law establishes each rate,<sup>1</sup> as follows:

- The “base” recordation rate is \$2.08 for each \$500 on the sale price or, if refinancing, on the additional amount borrowed over the remaining principal (if acquiring a home as a first-time home buyer, the first \$100,000 of the sale cost is exempt.) **Bill 17-23 would not change the “base” rate** or how its revenue is allocated to the County’s general fund.
- The “school increment” went into effect in 2004. It is also based on the sale price or, if refinancing, on the additional amount borrowed over the remaining principal. **This Bill would raise the rate from \$2.37 to \$3.79 for each \$500**, effective July 1, and considered about a 60% tax increase. Currently, the proceeds can be used for any Montgomery County Public Schools (MCPS) capital project. The Bill would still dedicate all the proceeds to MCPS projects.
- The “Recordation Tax Premium” went into effect in 2008. Unlike the other two elements, the Premium applies only to the cost of a property or a refinancing that is in excess of \$500,000. The proceeds are split equally – half is allocated to County Government capital projects (i.e., capital projects of departments in the Executive Branch); the other half is for rent assistance. **This Bill would raise the rate from \$2.30 to \$3.45 for each \$500**, effective July 1, and would be approximately a 50%+ tax increase. The Recordation Tax Premium is an important revenue source for the Housing Initiative Fund. It has been used for traditional monthly rental assistance and to make many new units affordable for low-income seniors.

<sup>1</sup> County Code § 52-16B.

- **Bill 17-23 would also add a new premium rate of \$1.15 for each \$500** or fraction of \$500 of the amount over \$1,000,000 to be allocated for the Montgomery Housing Initiative, a 100% tax increase. The proceeds would be split equally – half allocated to County Government capital projects, and the other half is for rental assistance for low and moderate-income households.

Council staff<sup>2</sup> prepared the chart below to illustrate the preliminary fiscal impact of Bill 17-23 based on the Department of Finance’s latest recordation tax information. The chart covers FY 23-28 to match the Approved Capital Improvement Program’s six-year period. In addition, the chart includes an itemized line summarizing the total revenue increase that would be allocated to the CIP (Schools + County Government).

**Recordation Tax Increases by Fiscal Year**  
**School Increment +60%; Increased Premium 500K-1M +50%; Increased Premium 1M+ +100%**

	FY23-28	FY23	FY24	FY25	FY26	FY27	FY28
<b>Recordation Tax</b>	<b>201,581,253</b>	-	37,524,451	39,281,628	39,510,609	41,579,571	43,684,994
Recordation Tax - General Fund	-	-	-	-	-	-	-
Recordation Tax - School CIP	<b>201,581,253</b>		37,524,451	39,281,628	39,510,609	41,579,571	43,684,994
<b>Recordation Tax - Premium</b>	<b>118,019,272</b>	-	<b>21,969,347</b>	<b>22,998,116</b>	<b>23,132,178</b>	<b>24,343,488</b>	<b>25,576,144</b>
MCPS CIP	-	-	-	-	-	-	-
County Govt CIP	<b>59,009,636</b>		10,984,673	11,499,058	11,566,089	12,171,744	12,788,072
Rental Assistance	<b>59,009,636</b>		10,984,673	11,499,058	11,566,089	12,171,744	12,788,072
<b>Recordation Tax + Premium Total</b>	<b>319,600,525</b>	-	<b>59,493,798</b>	<b>62,279,744</b>	<b>62,642,787</b>	<b>65,923,059</b>	<b>69,261,138</b>
<b>CIP Revenue Increase (School CIP + County Govt CIP)</b>	<b>260,590,889</b>	-	<b>48,509,124</b>	<b>50,780,686</b>	<b>51,076,698</b>	<b>53,751,315</b>	<b>56,473,066</b>

This packet contains:  
 Bill 17-23

Circle #  
 1

<sup>2</sup> Chart prepared by Council Staff, Keith Levchenko, Senior Legislative Analyst

Bill No. 17-23  
Concerning: Taxation - Recordation Tax  
Rates – Amendments  
Revised: 3/3/2023 Draft No. 1  
Introduced: March 21, 2023  
Expires: December 7, 2023  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Councilmember Mink  
Co-sponsor: Councilmember Jawando

---

**AN ACT** to:

- (1) increase the rate of the recordation tax levied under state law for certain transactions;
- (2) allocate the revenue received from the recordation tax for certain uses; and
- (3) generally amend the law governing the recordation tax.

By amending  
Montgomery County Code  
Chapter 52, Taxation  
Section 52-16B

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

**Sec. 1. Section 52-16B is amended as follows:**

**52-16B. Recordation Tax.**

(a) *Rates.* The rates and the allocations of the recordation tax, levied under Md. Tax- Property Code §§12-101 to 12-118, as amended, are:

(1) for each \$500 or fraction of \$500 of consideration payable or of the principal amount of the debt secured for an instrument of writing, including the amount of any mortgage or deed of trust assumed by a grantee;

(A) \$2.08, of which the net revenue must be reserved for and allocated to the County general fund; and

(B) [~~\$2.37~~] \$3.79, of which the net revenue must be reserved for and allocated to the cost of capital improvements to schools; and

(2) if the consideration payable or principal amount of debt secured exceeds \$500,000, an additional [~~\$2.30~~] \$3.45 for each \$500 or fraction of \$500 of the amount over \$500,000, of which the net revenue must be reserved for and allocated equally to:

(A) the cost of County government capital improvements; and

(B) rent assistance for low and moderate income households, which must not be used to supplant any otherwise available funds[.]; and

(3) if the consideration payable or principal amount of debt secured for a single-family dwelling unit exceeds \$1,000,000, an additional \$1.15 for each \$500 or fraction of \$500 of the amount over \$1,000,000, of which the net revenue must be reserved for and allocated equally to:



28                    (A)           the cost of County government capital  
29   improvements; and

30                    (B)           rent assistance for low and moderate income  
31   households, which must not be used to supplant any  
32   otherwise available funds.

33                    **Sec 2. Effective date.** This Act takes effect on July 1, 2023 and must apply to  
34 any transaction which occurs on or after July 1, 2023.