

Council Bill 85 Recordation Tax

Councilmembers Rigby and Jones to Introduce Legislation Restructuring Recordation Tax on Real Estate Transactions

Ellicott City, MD (April 20, 2020) - Howard County Councilmembers Christiana Rigby and Dr. Opel Jones will introduce legislation in May that would restructure Howard County's existing recordation tax on real estate transactions in a progressive structure. The recordation tax is a one-time cost paid when real estate is sold to a new owner, typically as part of the "closing costs" of a real estate transaction.

Since 1992, Howard County's recordation rate has remained the same flat rate of \$2.50 per \$500 of assessed value. This legislation would adopt a progressive, tiered structure to the recordation rate by lowering the rate on properties valued under \$250,000 and proportionally increasing the rate on higher property value brackets.

Revenue from the recordation tax supports the General Fund, which funds the Howard County Public School System, the Howard County Health Department, the Howard County Police Department, and other essential County operations. In light of the COVID-19 pandemic and the anticipated economic downturn, this legislation supports the County's budget without significantly increasing home-buying costs for the middle class.

The proposed structure is progressive and would leave Howard County with one of the lowest recordation rates on low and middle-priced home sales in Maryland. The highest rate, which would be assessed on properties valued at over \$1 million, is capped at roughly 2.2% of the total property value.

The proposed structure is as follows:

Recordation Rate	Real Estate Bracket
\$2 on each \$500 of assessed value for the 1 st \$250,000	\$0 - \$250,000
\$5 on each \$500 of assessed value for the 2 nd \$250,000	\$250,001 to \$500,000
\$8 on each \$500 of assessed value for the next \$500,000	\$500,001 to \$1,000,000
\$11 on each \$500 of assessed value above \$1,000,000	\$1,000,001 and above

The proposed legislation will be pre-filed on April 23, 2020 and will be introduced at the Council's legislative session on Monday, May 4, 2020 with the FY21 Capital and Operating Budget. Testimony will be accepted at the legislative public hearing on Monday, May 18, 2020. Howard County residents can sign up to testify virtually after May 4 by visiting <https://apps.howardcountymd.gov/otestimony/>. If you would like to submit your testimony electronically, please email councilmail@howardcountymd.gov.

To read the legislation after April 23rd, visit <https://cc.howardcountymd.gov/Legislation>.

For house value less than 250k, there is a 20% tax decrease. Then the decrease goes down slowly. At 300k, there is no tax change.