

Sayers, Margery

From: Ruth Lyons <ruthlyons1@yahoo.com>
Sent: Monday, April 20, 2020 5:41 PM
To: CouncilPIO,
Subject: Re: Recordation Press Release - 4,20.2020

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

This is ridiculous. Taxes are high enough already and very little if anything costs under \$250,000. This is why people are leaving Maryland as they retire, including us in a few years.

On Monday, April 20, 2020, 03:31:59 PM EDT, Howard County Council <councilpio@howardcountymd.gov> wrote:



FOR IMMEDIATE RELEASE

CONTACT:

Felix Facchine, (410) 313-2001
ffacchine@howardcountymd.gov

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>.

###

Howard County Council | ph: 410-313-2001 | web: cc.howardcountymd.gov

Howard County Council, 3430 Court House Dr., Ellicott City, MD 21043

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Sayers, Margery

From: Joseph Pavlovsky <jpavlovsky@verizon.net>
Sent: Monday, April 20, 2020 5:37 PM
To: CouncilPIO,
Subject: Re: Recordation Press Release - 4,20.2020

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Another reason I'll be moving from Howard County and Maryland. The continued over development always affects property taxes in a negative way for homeowners. Instead of raising taxes and increasing fees (hidden taxes) how about finding ways to reduce operating costs and be more efficient.

We moved to Howard County many years ago because of its rural setting and reasonable taxes. Very saddened to witness the demise of a once great county.

Sent from AOL Mobile Mail
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Howard County Council, 3430 Court House Dr., Ellicott City, MD 21043

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Sayers, Margery

From: Kapil Sharma <kapiluab@gmail.com>
Sent: Monday, April 20, 2020 4:14 PM
To: CouncilPIO,
Subject: Re: Recordation Press Release - 4,20.2020

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Thanks for another tax increase.

Kapil

On Mon, Apr 20, 2020 at 3:31 PM Howard County Council <councilpio@howardcountymd.gov> wrote:



FOR IMMEDIATE RELEASE

CONTACT:

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ffacchine@howardcountymd.gov

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Sayers, Margery

From: Mark F. Dewey <mdewey@promarkpartners.com>
Sent: Thursday, May 7, 2020 1:23 PM
To: CouncilMail
Subject: Real Estate Transfer tax

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

I am a resident of Ellicott City, MD in Howard County and I am writing to oppose the increases in tax with the two bills in from of the council right now. One is the county transfer tax of 1.5% (up from 1.0%) and the recordation tax to 1.6% for homes over \$500,000. What is the justification for this increase besides greed. I moved to Howard County in 1990 and raised my three children in the area. They have all moved to Baltimore and purchased homes in Federal Hill area because they can't afford to live in Howard County. Why are you driving everyone out of the County and the State of Maryland. The only politician that has his head on straight is the Governor who is fighting to reduce taxes that O'Malley put into place. We are seeing more and more government intervention that needs to stop and work towards keeping your residents happy and not increasing our tax bill. I am 60 and hope to retire before I turn 65, but you are making it impossible for us to even consider retiring here in Maryland. We are looking at Delaware and South Carolina because we can't afford to stay here. This makes me really sad considering that my kids are here and this is where we consider home. It is just not me, more and more Republicans are moving into the State and I believe it will be a matter of time before we see this state turn. We are all getting sick and tired of politicians running with their agenda. You all need to listen to the customer and that is the citizens of Maryland. The running joke in this state is we call it "The People's Republic of Maryland". It use to be called The Peoples Republic of Montgomery County but now the cancer is spreading . I am in the housing business and I am aware of the section 8 bill in front of your office to require all communities to accept section 8. Listen, I have no issue with low income housing being mixed across the state, but you need to fix the section 8 office, it is a joke and a big mess. The inspectors ALWAYS side with the resident. We are not seeing equality in these inspections . When a residents destroys their unit and then the annual inspection determines that we need to fix it all, why do we have to pay for this damage? You all think that it is housing for the Senior audience but this is not the case. I have residents in my communities that are high on drugs all day long drawing their section 8 free housing, welfare, etc. I know you can't control what they do in their house, but you can control other factors. I feel that there should be a cap allowed on how many live in one community. In Anne Arundel County they already have this in place and Glen Burnie has too many low income housing homes set up and Annapolis hardly has any. Reason being is the housing is more affordable in Glen Burnie. So if you set a limit of say 10% cap, this would force the residents to spread out and not all congregate in one market. They Section 8 offices are slow, non responsive, arrogant and unwilling to listen to landlords. We are not the big bad landlord, we are good citizens making a living in Property Management and right now this is the MOST UNDESIRABLE part of my job. Fix what you put into place first before you force more regulations on us. Property Management has become so undesirable in the State of Maryland, I am telling you that this is going to catch up with you all and there is going to be ghetto everywhere and it will have to be evaluated and fixed. Instead you should be fixing things before making it worst.

God save us if you all keep going down this path. Go Governor Hogan!!!!!!!!!!!!



Mark F. Dewey | Vice President
Director of Residential Management

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MDewey@promarkpartners.com | www.promarkpartners.com

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Board of Education of Howard County
Testimony Submitted to the Howard County Council
May 18, 2020

Board of Education
of Howard County

Mavis Ellis
Chair

Vicky Cutroneo
Vice Chair

Kirsten A. Coombs

Christina Delmont-Small

Jennifer Swickard Mallo

Sabina Taj

Chao Wu, Ph.D.

Allison J. Alston
Student Member

Michael J. Martirano, Ed.D.
*Superintendent
Secretary/Treasurer*

Council Resolution 85 - 2020: A Resolution Establishing Recordation Tax Rates

The Board of Education of Howard County (the Board) supports **CR85-2020** as an increase in revenues for the County's General Fund, which ultimately provides the fiscal supports necessary to operate our local schools.

As an elected body, the Board has an obligation to advocate for the students, staff and community members served on a daily basis by the Howard County Public School System (HCPSS). More than just institutional knowledge, the school system is a source of meals for families who may not otherwise have the means, therapy and special education services, mental health services for those struggling with the pressures of society, extracurricular activities that engage creative minds, sports, and so much more. By statute, under § 4-101 of the Annotated Code of Maryland, the Board is charged with seeking "in every way to promote the interests of the schools under its jurisdiction."

The FY21 HCPSS Operating Budget, in today's economic uncertainty more than ever, needs and deserves the funding requested. As expressed in our budget testimony just two months ago, the Board's operating budget request is not a budget of wants, nor even one that addresses all of our needs. The Board, Superintendent and staff made many difficult decisions to reduce our proposed budget request to our most pressing priorities and obligations. We understand in this difficult time some adjustments may have to be made.

County Executive Calvin Ball and his budget staff have reiterated time and again that the current proposed increase in funding above Maintenance of Effort will only be possible with the passage of this resolution. With the increased revenue expected under CR85-2020, we also hope the Council recognizes that education is the bedrock of this county. A quality school system attracts businesses and residents, prepares our students for success, and sustains the county's reputation as a leader.

For these reasons, on behalf of our nearly 59,000 students, more than 8,000 staff members, and countless community members relying on the services provided by the school system, the Board urges passage of CR85-2020.



*ACS supports Howard County nonprofits in the achievement of their missions
because strong nonprofits improve the quality of life for all.*

County Resolution 85-20 – Howard County – Amends Recordation Tax

Position: Support

May 11, 2020

As Executive Director of the Association of Community Services (ACS), it is my privilege to offer testimony on behalf of our over 170 nonprofit member organizations and community advocates who work diligently on behalf of vulnerable populations in our community. I am offering this letter in support of CR 85-2020, which restructures the recordation tax on real estate transactions from a flat rate to a progressive rate based on the value of the property.

Recent budget projections state that this restructuring of the recordation tax could generate \$21 million in revenue for FY '21. In this time of increasing financial needs for everyone due to COVID-19, a revenue opportunity such as this that is not detrimental to people with low and moderate incomes is a very reasonable step forward in funding County operations that benefit all of us. We would like to impress upon you to ensure that funding is equitably used to meet essential needs in the County, particularly for housing and school construction. Every effort must be made to address the shortages we have in affordable housing and ensure that school facilities are adequate to meet the growing student population.

We appreciate your consideration of our request that you give a favorable vote CR 85-2020.

Respectfully Submitted,

Joan Driessen
Joan Driessen
Executive Director



TO: Howard County Council
FROM: Maryland Multi-Housing Association
SUBJECT: Resolution No. 85-2020
DATE: May 18, 2020
POSITION: Oppose

This testimony is offered on behalf of Maryland Multi-Housing Association (MMHA). We are a professional trade association established in 1996, whose members consists of owners and managers of more than 210,000 rental housing homes in over 870 apartment communities. Our members house over 556,000 residents of the State of Maryland and we have 250 associate member companies who supply goods and services to the multi-housing industry. Lastly, MMHA members manage 93 apartment communities with over 22,300 units in Howard County.

Council Resolution 85-2020 alters Howard County's recordation tax structure. Under the proposal, recordation tax rates would increase gradually depending on the value of the property transaction being recorded. 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.

Since 2015, 36 multi-housing transactions have occurred in Howard County. The average sale price of an apartment community in the last five years in the County is \$53,278,000. Based on the current fee of \$5 per \$1000 the total fee for such a community is \$268,640. With the proposed new fee under Council Resolution 85-2020 of \$11 per \$500, the total fee would be \$1,172,166. Passage of this Council Resolution would result in an increase of \$903,526 in one average apartment community transaction. Undoubtedly, these significant costs will be passed on to the residents further exacerbating the affordable housing challenge in Howard County.

For these reasons, we oppose Council Resolution No. 85-2020 with the amendments.

For more information, please contact Aaron Greenfield at 410.446.1992



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

May 13, 2020

Ms. Deb Jung
Chairperson, Howard County Council
3430 Courthouse Square
Ellicott City, MD 21043

RE: Council Resolutions 84-2020 / 85-2020

Dear Councilmember Jung,

In the days ahead, you and your Council colleagues will consider passage of Council Resolution 84-2020 and Council Resolution 85-2020. If passed, Council Resolution 85-2020 would increase the county recordation tax from the current rate of \$2.50 / \$500 of consideration or debt to \$11 / \$500 on consideration or debt over \$1M. As an organization dedicated to community and economic development, the Chamber is concerned about the proposed legislation and what it would do to the Howard County business environment. As noticed in the attached document, the passage of this resolution in its current form would establish Howard County by far with the highest recordation tax in Maryland. A review of 2019 commercial transactions show that nearly all of Howard County commercial transactions total well over a \$1M. As such, businesses would face an increase of approximately 400%. This would have significant impact as it may depress land values and impact additional transactions.

Also being considered is Council Resolution 84-2020 which would raise the transfer tax as well. While the impact to business would be minimal, the impact to potential homebuyers could be significant particularly those that may be first time home purchasers.

The Chamber understands that the county budget is under considerable pressure when one compares the growth rate of the tax digest versus that of expenditures. The recent impact of Covid19 does not help matters. However, we cannot afford to tax our way to financial sustainability. Equally as important is the perception of Howard County as not being business friendly due to unpredictability and soaring county fees and assessments. We have seen numerous bills introduced over the past two years that if passed would have impacted the cost of doing business in the county. Passage or not, the mere threat in some instances is enough to hinder future business location and expansion efforts.

Council Resolutions 84-2020 / 85-2020

May 13, 2020

2

As we strive to recover from the devastating economic impact of the coronavirus, it is important that we support private industry and those looking to reestablish financial footing. Moreover, it is important that we do not hinder other efforts to support housing affordability. For the reasons mentioned above, we request that you do revisit the timing of CR84-2020. We request that you do not pass CR85-2020.

Respectfully,



Leonardo McClarty, CCE
President/CEO, Howard County Chamber

Enclosure – Commercial Recordation Impact

CC: Howard County Council
Howard County Executive Calvin Ball
Howard County Chamber Board of Directors
Howard County Chamber Legislative Affairs Committee

Howard County Recordation Tax Comparison

Sale Price	Current Recordation Tax	Proposed Recordation Tax	Percent Change	Proposed as Factor of Existing
\$ 200,000	\$ 1,000	\$ 800	-20%	0.80
\$ 300,000	\$ 1,500	\$ 1,500	0%	1.00
\$ 400,000	\$ 2,000	\$ 2,500	25%	1.25
\$ 500,000	\$ 2,500	\$ 3,500	40%	1.40
\$ 750,000	\$ 3,750	\$ 7,500	100%	2.00
\$ 1,000,000	\$ 5,000	\$ 11,500	130%	2.30
\$ 5,000,000	\$ 25,000	\$ 99,500	298%	3.98
\$ 10,000,000	\$ 50,000	\$ 209,500	319%	4.19
\$ 25,000,000	\$ 125,000	\$ 539,500	332%	4.32
\$ 50,000,000	\$ 250,000	\$ 1,089,500	336%	4.36
\$ 88,000,000	\$ 440,000	\$ 1,925,500	338%	4.38
\$ 100,000,000	\$ 500,000	\$ 2,189,500	338%	4.38



Annapolis, MD 21401 | (443) 620-4408 ph. | (443) 458-9437 fax

May 14, 2020

Council Chair Deb Jung
Howard County Council
George Howard Building
3430 Courthouse Drive, 1st Floor
Ellicott City, MD 21043

Dear Council Chair Jung:

Resolution 84-2020, "A Resolution Increasing the Transfer Tax"
Resolution 85-2020, "A Resolution Establishing Recordation Taxes"

This letter is on behalf of the Maryland Land Title Association. MLTA represents nearly 3,000 title industry professionals throughout the state of Maryland, with approximately 15% of that number working and/or living in Howard County.

MLTA strongly opposes both resolutions (84-2020 and 85-2020). Overall, MLTA maintains a commitment to the inherent value of homeownership and the consistent positive force it has in our communities. We believe homeownership is the best opportunity for people to securely plant their roots into Howard County, maintain stability and gain financial freedom. In the long term, homeowners across the economic spectrum will contribute immensely to Howard County's revenue streams via the taxes they pay and local businesses they support. This leads to greater resources for social services, transportation and schools - to name a few.

Unfortunately, the rising cost of housing in the County has made it unaffordable for most residents to purchase a home, especially in comparison to other local jurisdictions. By now adding a recordation and transfer tax rate which will be the highest in the state of Maryland, Howard County runs the very real risk of doing the following:

- 1) Driving prospective homeowners to other counties in the state. Historically, when other counties have increased these tax rates, home buyers have opted to move to other counties. For example, when Montgomery County increased their rates in 2016, Prince George's, Frederick and Howard County in Maryland and Arlington and Fairfax County in Virginia reaped the rewards of Montgomery County's increase.
- 2) This surge in tax rates will present immediate challenges to residents across the County, particularly those first-time homebuyers who already found themselves having immense difficulty putting together their final closing costs.

- 3) Of our members based in Howard County, many of them are small businesses and focused specifically on handling Howard County real estate transactions. With an increase in the recordation and transfer tax, there will be less transactions and the County will be punishing small businesses from thriving in the County and may drive these small businesses to neighboring counties.

On top of these consequences, the timing of this increase is catastrophic to the consumer. As we come out of this pandemic emergency and the economy begins to recover, people will still be hesitant about their economic security. Some have delayed their home purchase being finalized because of concerns during the state of emergency. Now add undue (or in the case of those who delayed their settlement, unexpected) burdens of high tax rates on what is an individual's largest priced purchase in their lifetime and you put a huge stop sign up on the road to economic recovery.

While a few hundred dollars may not seem like much for lawmakers dealing with millions of tax dollars, this adds up very quickly for working families. In fact, the down payment is often the greatest impediment for homeownership. The folks who are now tapping into the last of their savings could find relief in saving even a small amount of additional dollars by not being hit with these onerous tax increases.

We understand Howard County, like almost every other jurisdiction across the state and the country is facing a budget shortfall and must have a balanced budget, thus, you are searching for ways to generate more revenue, however, these tax increases are not the panacea for the Howard County budget.

In conclusion, MLTA respectfully asks you to defeat or withdraw the County's Resolutions to increase the transfer and recordation taxes and keep homeownership attainable in Howard County.

Thank you.

Sincerely,



Mark Glazer
Executive Director
Maryland Land Title Association

Cc: Councilmember Liz Walsh; Councilmember Dr. Opel Jones
Councilmember Christiana Rigby; Councilmember David Yungmann

Sayers, Margery

From: Dwight Crone <dwright@mcfarlininsurance.com>
Sent: Thursday, May 14, 2020 12:57 PM
To: CouncilMail
Subject: Recordation Tax Legislation - CR84-2020 & CR85-2020

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

I'm against the proposed increases to the Transfer Tax and Recordation Tax. Without even considering the current pandemic and it's affect on the individuals and businesses within Howard County, the proposed increases seem arbitrary and unwarranted. Thank you for opportunity to voice my opinion.

I pray everyone stays healthy! Take care!!

Dwight E. Crone, CPCU
McFarlin Insurance Agency, LLP
8325 Guilford Road, Suite A
Columbia, MD 21046
410-312-7800 Office #
410-312-7808 Office Fax #
301-633-4830 Mobile #

Sayers, Margery

From: no-reply@howardcountymd.gov
Sent: Wednesday, May 13, 2020 8:33 PM
To: jpfeiler@sjpi.com
Subject: Council - Resolution 84-202;85-2020

First Name: Jacqueline
Last Name: Pfeiler
Email: jpfeiler@sjpi.com
Street Address: 5 Trembly Court
City: Catonsville
Subject: Resolution 84-202;85-2020

Message: I am opposing these resolutions as this makes Howard County uncompetitive and will delay the recovery - this is not a solution for Howard County's fiscal problems. Please implement the recommendations of the Spending Affordability Advisory Committee including creating a stakeholder process to work jointly with all stakeholders to develop a long-term fiscal approach that address the priority needs of the community and is fiscally sustainable. COVID 19 has impacted so many lives and it is going to take time to fully recover. Howard county already has the second highest property tax in the state- this proposed increase in recordation and transfer tax would make Howard County the highest. The tax increases would make worse the already disproportionately high share of local services funded by commercial real estate. Your consideration is greatly appreciated,

Jamie Flynn
President



Brandon Lapp
Secretary

HOWARD COUNTY
POLICE OFFICERS' ASSOCIATION, INC.
FRATERNAL ORDER OF POLICE – LODGE 21

12 May 2020

Council Member Deb Jung
Howard County Council Chairperson
District 4
Ellicott City, MD 21043

Council Member Liz Walsh
Howard County Council Vice Chairperson
District 1
Ellicott City, MD 21043

Council Member Dr. Opel Jones
Howard County Council
District 2
Ellicott City, MD 21043

Council Member Christiana Rigby
Howard County Council
District 3
Ellicott City, MD 21043

Council Member David Yungmann
Howard County Council
District 5
Ellicott City, MD 21043

Dear County Council Members,

REF: CR85-2020

I am writing on behalf of the members of the Howard County Police Officers' Association, Fraternal Order of Police Lodge 21 to urge the passage of County Resolution 85-2020 (CR85-2020), which relates to the approval of establishing recordation tax rates on instruments of writing that are recorded with the Clerk of the Circuit Court. Passing this resolution will help prevent the reduction of essential services throughout Howard County, which would inevitably impact Howard County Police Officers.

Due to the unfortunate circumstances surrounding COVID-19, the County budget is continuing to be significantly impacted at unexpected rates. However, it is an absolute necessity to develop a plan to maintain the essential services and personnel that are required to deliver the safest possible environment for the citizens of Howard County.

Jamie Flynn
President



Brandon Lapp
Secretary

By voting in favor of and passing CR85-2020, the citizens of Howard County will be able to assure their families' safety in regards to not having to struggle with a reduction of essential services, to include Police Officers, due to budgetary gaps. Police Officers play one of the most vital roles in establishing Howard County as one of the safest and best places to live in America, which in itself is a heightened attraction that allows for expedited growth within the County.

With the approval of CR85-2020, the estimated increase of revenue will directly reflect a positive impact into the general fund, whose funding will be used to help assure that citizens will not have to experience any enhanced safety risks due to the reduction of Police Officers within the County.

Although CR85-2020 allows for an increased recordation tax rate, it also allows for the reduction in the recordation tax rate for properties sold under \$250,000. This progressively tiered structure will allow for more affordable properties for citizens.

As a community, we can all agree that we are in uncharted territory due to COVID-19, however the promising side of this pandemic has allowed for our strength in resiliency to be shown. I once again urge the County Council to make the critical but necessary decisions in developing a proactive budget that ensures citizens will not see a reduction in essential services by passing CR85-2020.

On behalf of the Howard County Police Officers' Association, Fraternal Order of Police Lodge 21, I want to thank you in advance for your consideration of our views on CR85-2020. I respectfully urge each County Council member to vote in favor of passing CR85-2020. If I can be of any assistance whatsoever, please do not hesitate to contact me at your convience.

Sincerely,



Jamie Flynn
President
HCPOA, FOP Lodge 21
JFlynn@hcpoa.com

Sayers, Margery

From: Scott Miller <scott@scottomiller.com>
Sent: Monday, May 18, 2020 11:15 AM
To: Ball, Calvin; CouncilMail
Subject: Recordation and Transfer Taxes INCREASE.. ARE YOU SERIOUS!!!

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Calvin and the rest of you!!

You sure know how to add insult to injury!

Raising taxes at this time is just plain STUPID! In addition to being ill prepared for phase one.. the only thing you could think of over the past 2 months is this?

Keep pushing.. I am ready to move out of this county **AND SOON!**

Scott O. Miller
Associate Broker

Scott O. Miller & Associates Team of RE/MAX 100
10440 Little Patuxent. Parkway
Columbia, MD, 21044

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Your referral is the highest compliment I can ever receive. Thank you.



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May 15, 2020

The Honorable Deb Jung, Chairperson
Howard County Council
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043

RE: CR 84 and CR 85, Increases to County Transfer and Recordation Taxes

Chairperson Jung and Members of the Council,

The 2,100 members of the Howard County Association of REALTORS® (HCAR) offer our strongest opposition to the combined transfer and recordation tax increases proposed under CRs 84 and 85. Our opposition to these increases is based upon 1) the amounts of the proposed increases, 2) how they impact Howard's competitiveness with other counties, 3) their impacts on housing affordability, and 4) their timing given the real estate market and our current state of emergency.

Every Buyer and Seller Will See a Tax Increase

Unfortunately, HCAR must dispel the notion that the recordation tax restructuring under CR 85 will result in widespread tax relief for lower-income home buyers and sellers in the County. That is a result of both our current market conditions and the transfer tax increase proposed under CR 84.

As written, CR 85 proposes a slight decrease in recordation taxes for properties under \$250,000. This represents a small and declining portion of Howard's overall real estate market. While approximately 10% of 2019 sales were for properties in this category, currently only 6.5% of active and pending listings in the County are at or below this amount. As real estate appreciates over time, fewer and fewer properties will qualify for this lower rate. They will be pushed into the other brackets outlined in CR 84, all of which are a significant increase over the current 0.5% recordation tax rate.

What is more, the proposed increase to the transfer tax in CR 84 more than offsets any savings in recordation taxes lower-income purchasers may receive. Even the least expensive home purchase in the County will see a tax increase of \$600- \$1,000 if both CRs 84 and 85 are enacted. In fact, to keep the lowest price home sale just at its current local tax burden, recordation fees would need to be eliminated completely on those transactions.



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Some have argued that since the County's transaction tax rates have not been changed in many years they should be adjusted upward. HCAR could be sympathetic to that argument had the housing prices on which those taxes were levied remained stagnant. They have not. In 1999, Howard County's median home sales price was just under \$174,000; they now stand at \$430,000. That has resulted in an increase in local transaction taxes from \$2,600 up to \$6,450 over that same period, without changing the rate charged. Again, as housing prices increase, the total taxes realized from each transaction will increase along with them.

There are also claims that real estate transaction taxes are directed toward those moving into Howard from elsewhere. This too is an oversimplification. Real estate transaction taxes are typically split between the buyer and seller. Those moving into Howard County will pay one share of these taxes if they choose to purchase a home rather than rent. Likewise, those moving out of Howard County to reside elsewhere will pay the seller's portion of the transaction. It is the current Howard homeowner who wants to stay in the County who pays the full amount of these increases: once on the sale of their current property, and again on the purchase of their next property. If they purchase a new construction or foreclosed dwelling where there is no split with the seller, they will pay that much more.

Howard Residents Will Pay More Than Anywhere in Maryland

It is tempting to look at Howard County's recordation and transfer tax rates separately from one another because they fund two separate areas of the budget. It is also common to see our County's tax rates compared with the rates of other local governments without taking into consideration the home prices upon which those taxes are charged. However, unless those comparisons are made, we fail to see a full picture of where Howard County ranks, and what buyers and sellers must pay at the settlement table.

Unlike other County fees, such as the recently increased school facilities surcharge on new construction, our transaction taxes have kept pace with that of surrounding jurisdictions. The November 2019 Sage Policy Group report on real estate transaction taxes, which is included with this letter, noted that Howard County's existing transfer taxes produced the second-highest out of pocket cost of any jurisdiction in Maryland due to our high housing costs. If this increase were approved, Howard County would charge the highest dollar amount on real estate transactions anywhere in the state, exceeding that of even Montgomery County.

Further, this increase would put our total transaction tax percentage above that of comparable jurisdictions on median priced home sale. Currently, Anne Arundel County charges a total of 1.7% in total local taxes on a typical real estate sale, with Montgomery charging 1.89% and Prince George's charging 1.95%. Howard County would jump ahead of all these Counties, moving to a total of 2.15% in local taxes and fees on a \$430,000 home.



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These excessive transaction tax rates must also be considered along with other taxes and fees charged in the County. Howard's local income tax rate is the maximum allowed in Maryland. Our property tax rates are currently the second-highest levied by a local government and had the recent addition of an increase due to the Fire and Rescue tax. Howard will see dramatic increases to the school facilities surcharge over the next few years. Charging the highest tax rates in virtually every category places Howard at a competitive disadvantage to our surrounding counties not just for real estate, but for broader economic development, revitalization efforts and business retention purposes.

Homeownership Placed Further Out of Reach

As noted above, Howard County's housing costs are significant. We now trail only Montgomery County for the most expensive housing prices in the state. As a result, it takes both a significant income and a significant amount of savings to contemplate homeownership in Howard.

When thinking about the issue of affordability, it is tempting to focus solely on the cost of the home itself without considering other taxes and fees. However, this does not provide the complete picture. Often, buyers are currently paying rents which are comparable to what their ultimate mortgage payment would be. What is missing, and where many lower-income and first-time buyers need assistance, is with their required closing costs and down payment.

Transfer and recordation taxes and other fees are due at the settlement table, making them a particularly difficult hurdle for those who are not using equity from a prior sale. Once the existing local transfer tax, local recordation tax, state transfer tax and this transfer tax increase are charged on a median price home sale, nearly \$11,000 in taxation alone would be owed by the buyer and seller.

According to a 2019 study by the National Association of Home Builders, each increase of \$1,000 in home prices prevents 1,085 families from achieving homeownership in the Baltimore-Columbia metro region. Under CRs 84 and 85, most home sales in Howard will see a tax increase of at least this amount and likely even more. This will be compounded year after year into the future, as the proposed recordation tax structure stays stagnant while housing prices increase. More and more families will be pushed into higher and higher tax brackets, and further and further away from homeownership.

We must also mention that this increase comes on top of other actions taken by the County which negatively impact housing affordability. Reducing school capacity percentages under APFO, proposed increases to new construction wait times, reductions in setbacks and lot yields in new developments, and significant increases to school construction impact fees have all contributed to reductions in housing



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inventory and higher home costs. HCAR questions how many more of these actions our County's buyers can absorb before homeownership is placed completely out of reach.

Timing Complicates Pending Sales, Economic Realities

As with most sectors of the economy, real estate has been impacted by COVID-19. While Howard's real estate market began the year strong, many buyers and sellers put their plans on hold as stay-at-home orders were enacted. As we begin to reopen our economy, buyers and sellers are expected to venture back into the real estate market only to be faced with two tax increases.

The taxes under CRs 84 and 85 are set to take effect on July 1. Practically speaking, only properties already under contract will be able to avoid a cost increase. That will have real consequences for potential buyers and sellers.

It is possible that buyers will find that the home they could afford to purchase just a few weeks ago is no longer an option for them. Unless they have been able to save several thousand dollars during this pandemic, they will need to scale back their home search to less expensive properties. Move-up buyers, who will realize less equity from their sale and higher costs to purchase, may no longer have their required down payment. This can result in higher mortgage interest rates and the imposition of private mortgage insurance, which can add hundreds of dollars to their monthly payments and tens of thousands in additional borrowing costs over the life of the loan.

In addition, this increase has the potential to most affect those already undergoing financial hardship. We have all heard of the rapidly growing number of unemployment claims and worker furloughs in Maryland. There will also be those who are facing medical conditions, whether related to the pandemic or not. While REALTORS® and others are promoting programs to assist those individuals in remaining in their homes during the length of the current emergency, there will inevitably be those who must sell due to financial or medical issues. Under this increase, those sellers will pay more at the settlement table, and have fewer resources with which to begin their economic or physical recovery.

On a broader note, there is a question as to the rationale for raising taxes during a time of economic uncertainty. Currently, government bodies at every level are seeking ways to provide tax relief and income assistance to their residents because of the pandemic. With these resolutions, Howard seeks to do the opposite. We believe this is an unfair burden for buyers and sellers, who have already had their transactions upended by circumstances beyond their control. We should be promoting home sales as a means of economic recovery - not suppressing them by imposing two tax increases on what is an already expensive process.



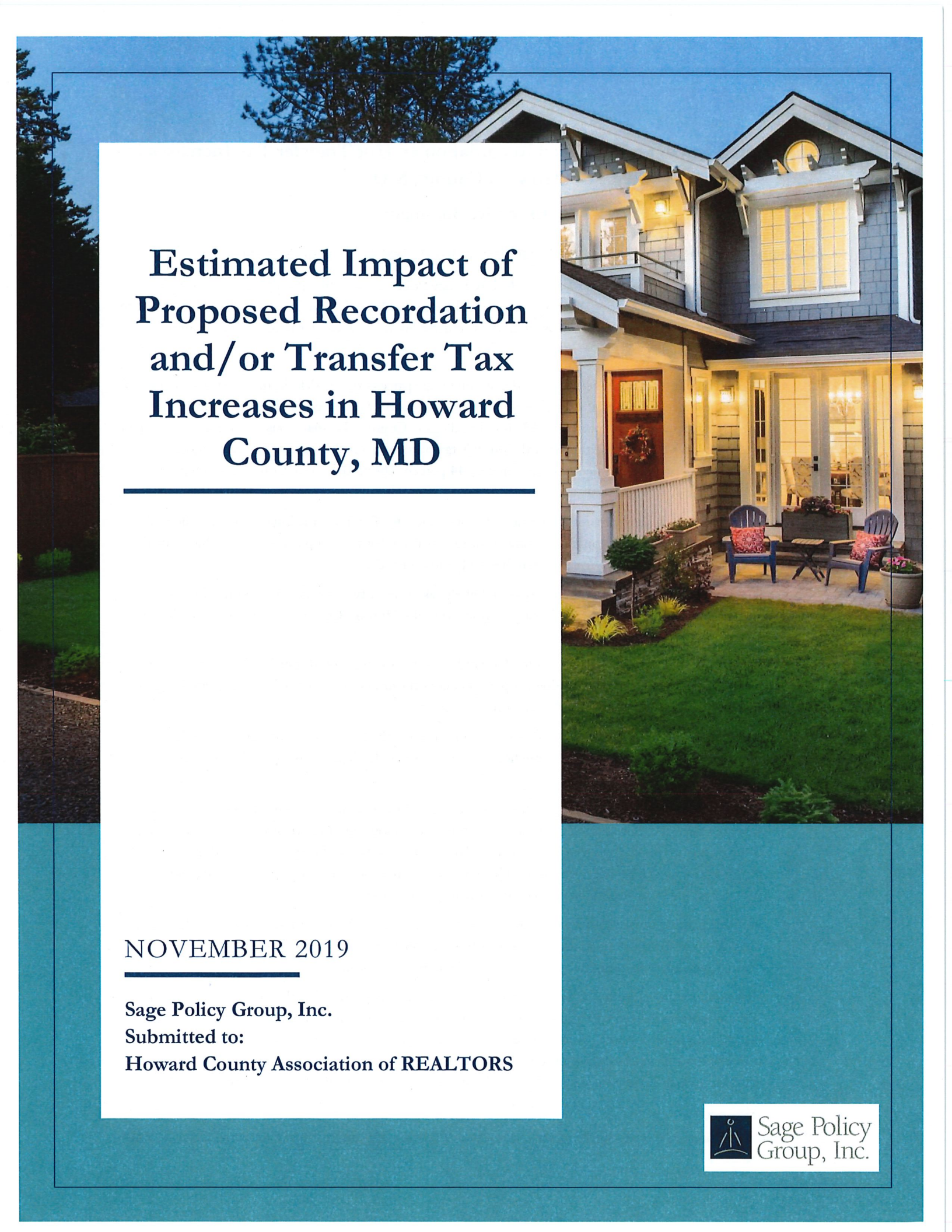
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The proposed increases to real estate transfer and recordation taxes will place our costs of homeownership far above those of other counties, will make Howard less competitive with our comparable jurisdictions, and come at a time of economic uncertainty we have not experienced in a decade or more. Quite simply, these are tax increases that Howard residents cannot afford.

HCAR must urge the Council, in the strongest terms, to reject CR 84 and CR 85.

Sincerely,

Lisa Wissel
President, Howard County Association of REALTORS®



Estimated Impact of Proposed Recordation and/or Transfer Tax Increases in Howard County, MD

NOVEMBER 2019

Sage Policy Group, Inc.

Submitted to:

Howard County Association of REALTORS

Estimated Impact of Proposed Recordation and/or Transfer Tax Increases in Howard County, MD

Executive Summary

Raising Transactional Costs on Real Estate can Produce Unintended and Negative Consequences

The Howard County Association of REALTORS hired Sage Policy Group, Inc. (Sage) to analyze the likely impacts of proposed increases to real estate transactional costs. Today, Howard County's recordation tax rate is set at \$2.50 per \$500 of transaction recorded and its transfer tax rate stands at 1 percent of a property transaction's total value.

- If one considered a scenario in which the assumed sale price is the median home sale price generated by each county in 2018, the aggregate recordation and transfer tax owed in Howard County under the status quo would be more than \$8,100. In Allegany County, the analogous tax burden is less than \$1,300, or less than one-sixth Howard County's tax burden in absolute terms. Closer to home, Howard County's tax burden is approximately 44 percent above Baltimore County's and 9 percent above Anne Arundel County's.
- A higher recordation/transfer tax renders it more expensive for first-time buyers to enter the ranks of homeownership and would also make it more expensive for move-up buyers to purchase homes deemed more appropriate for their families and shifting needs.
- The impact of proposed tax increases would likely take one of two forms. First, a meaningful increase in transactional cost could cause some would-be Howard County homeowners to select a home in another jurisdiction.

Second, the suppression of demand for Howard County housing would translate into lower property values, thereby negatively impacting property tax collections and at least partially offsetting revenue generated via higher transfer and/or recordation taxes.

- Recordation/transfer taxes and increases thereof are generally regressive. This fact is especially important when considering first time homebuyers, who are likely to be associated with lower incomes than move-up buyers.
- Higher recordation/transfer taxes would generate higher tax revenues all things being equal – revenues that could be utilized for a variety of purposes. However, this stream of revenues is likely to be erratic since sales volumes shift in accordance with changes in mortgage rates and the performance of the broader economy. This renders recordation/transfer taxes less reliable sources of revenue for local governments from fiscal year to fiscal year.
- Howard County presently offers an advantage over neighboring Montgomery, Anne Arundel, Prince George's, and Baltimore counties in that it offers a lower combined recordation and transfer tax rate. This supports higher property values in Howard County *ceteris paribus*.
- However, because Howard County's homes are so expensive, even presently competitive transfer and recordation tax rates yield the 2nd highest absolute transactional tax burden in Maryland, behind only Montgomery County. Accordingly, even small changes in transfer and/or recordation tax rates translate into substantial new burdens for those seeking the American dream in Howard County and transform what has been a tax rate-based advantage into an inferior value proposition.

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Estimated Impact of Proposed Recordation/Transfer Tax Increases in Howard County, MD

Introduction

- Report Context

The Howard County Association of REALTORS hired Sage Policy Group, Inc. (Sage) to analyze the probable impacts of proposed increases to taxes (recordation and transfer) impacting the purchase of real estate. The degree to which these taxes will influence the behavior of prospective purchasers of Howard County real estate is in part a function of the level of similarly structured taxes in neighboring/proximate communities.

Today, Howard County's recordation tax rate is set at \$2.50 per \$500 of transaction recorded. Its transfer tax rate stands at 1 percent of the property transaction's total value.

The Howard County Spending Affordability Advisory Committee's FY2020 report puts forth various revenue enhancements for the County to consider. One option is a 25-cent increase in the County's recordation tax, which would place it at \$2.75/\$500 of transaction recorded. The Committee also recommended that the County review its transfer tax rate, noting that there is some potential room to increase the rate, though there is no explicit recommendation.¹ Note that unlike the recordation tax, transfer tax revenues are not General Fund revenues — transfer tax revenues are designated to the County's capital budget plan.

To the extent that the newly proposed tax structures impose higher transactional costs on prospective buyers, some fraction of purchasers would be induced into purchasing in other jurisdictions. The resulting diminution of demand for Howard County homes would reduce housing value *ceteris paribus*, ultimately translating into lower property tax collections that would at least partially offset gains from higher real estate transaction-related tax rates.

This report is intended to inform policymaking. It does not attempt to recommend whether or not Howard County's recordation and/or transfer taxes should be increased.

¹ Howard County Spending Affordability Advisory Committee Report for Fiscal Year 2020.
<https://www.howardcountymd.gov/Departments/County-Administration/Budget/Spending-Affordability-FY2020>.

Recordation & Transfer Tax Rates in Maryland

- Recordation Tax

A recordation tax is imposed upon instruments of writing that convey title to real or personal property or create liens or encumbrances upon real or personal property offered for record. In other words, a recordation tax is an excise tax imposed on instruments of writing conveying title to property.

All of Maryland's counties impose a recordation tax, which is recorded with the Clerks of Circuit Courts (the Clerk of the Superior Court in the case of Baltimore City). The recordation tax rate is imposed on each \$500 of the value of the transaction being recorded. Frederick and Talbot counties impose the highest recordation tax rate at \$6.00, followed by Baltimore City, Calvert, Caroline, Carroll, Charles, and Dorchester counties at \$5.00.² Baltimore County and **Howard County** presently impose the lowest recordation tax rate at \$2.50. This renders property in these counties more attractive by reducing the costs borne by purchasers at settlement. All things being equal, this would also tend to raise the value of property by rendering it both easier to purchase and less expensive to sell.

- Transfer Tax

A transfer tax is imposed as a percentage of each property transaction's total value. The State of Maryland levies a 0.5 percent transfer tax. Counties also have the authority to levy an additional transfer tax on real property transactions, and eighteen of Maryland's counties as well as the City of Baltimore exercise that authority.³

Baltimore City and Baltimore County impose the highest transfer tax rate of 1.5 percent of property value, followed by Prince George's County, which imposes a 1.4 percent transfer tax. Anne Arundel, Garrett, Harford, **Howard**, Montgomery, St. Mary's, and Talbot counties impose a 1.0 percent tax. Eight counties impose the same transfer tax rate as the State of Maryland (0.5%). Exhibit 1 summarizes recordation and transfer tax rates imposed in Maryland as of FY2019.

Importantly, the State of Maryland offers a partial exemption from the State transfer tax for first time homebuyers. Specifically, the State transfer tax rate is reduced to 0.25 percent and the transfer tax is paid entirely by sellers (typically, the buyer and seller split these tax payments).

A number of Maryland counties also offer exemptions or reductions in recordation/transfer taxes in certain instances. A table detailing county recordation and transfer tax exemptions is included in the Appendix to this report.

² Maryland Association of Counties, "Budgets, Tax Rates, & Selected Statistics-Fiscal Year 2019".
<https://www.mdcounties.org/138/MACos-County-Budget-Tax-Rate-Survey>

³ Maryland Association of Counties, "Budgets, Tax Rates, & Selected Statistics-Fiscal Year 2019".

Between its recordation and transfer taxes, Howard County's total transactional cost rate is 1.50 percent (1.0% transfer + 0.5% recordation). Ten jurisdictions are associated with a higher combined transactional cost rate. Two other jurisdictions (Caroline and Charles counties) also maintain a 1.50 percent aggregate tax rate. Accordingly, under the status quo Howard County's combined recordation and transfer tax rate is at the median of Maryland's major jurisdictions.

Exhibit 1. Maryland Recordation & Transfer Tax Rates, FY2019

County	County Transfer Tax Rate (%)*	State Transfer Tax Rate (%)*	County Recordation Tax Rate		Total Local Tax Rate
			Per \$500 of Transaction Recorded	Recordation Tax (%)**	
Allegany County	0.50%	0.50%	\$3.50	0.70%	1.20%
Anne Arundel County	1.00%	0.50%	\$3.50	0.70%	1.70%
Baltimore City (1)	1.50%	0.50%	\$5.00	1.00%	2.50%
Baltimore County	1.50%	0.50%	\$2.50	0.50%	2.00%
Calvert County	0.00%	0.50%	\$5.00	1.00%	1.00%
Caroline County	0.50%	0.50%	\$5.00	1.00%	1.50%
Carroll County	0.00%	0.50%	\$5.00	1.00%	1.00%
Cecil County	0.50%	0.50%	\$4.10	0.82%	1.32%
Charles County	0.50%	0.50%	\$5.00	1.00%	1.50%
Dorchester County	0.75%	0.50%	\$5.00	1.00%	1.75%
Frederick County	0.00%	0.50%	\$6.00	1.20%	1.20%
Garrett County	1.00%	0.50%	\$3.50	0.70%	1.70%
Harford County	1.00%	0.50%	\$3.30	0.66%	1.66%
Howard County	1.00%	0.50%	\$2.50	0.50%	1.50%
Kent County	0.50%	0.50%	\$3.30	0.66%	1.16%
Montgomery County	1.00%	0.50%	\$4.45	0.89%	1.89%
Prince George's County (2)	1.40%	0.50%	\$2.75	0.55%	1.95%
Queen Anne's County	0.50%	0.50%	\$4.95	0.99%	1.49%
Somerset County	0.00%	0.50%	\$3.30	0.66%	0.66%
St. Mary's County	1.00%	0.50%	\$4.00	0.80%	1.80%
Talbot County	1.00%	0.50%	\$6.00	1.20%	2.20%
Washington County	0.50%	0.50%	\$3.80	0.76%	1.26%
Wicomico County	0.00%	0.50%	\$3.50	0.70%	0.70%
Worcester County	0.50%	0.50%	\$3.30	0.66%	1.16%

Source: 1. Maryland Association of Counties, "Budgets, Tax Rates, & Selected Statistics-Fiscal Year 2019"; 2. Individual county websites and county codes/laws.

Notes: *Transfer tax rate: % of each property transaction's total value. **Recordation tax rates are actually stated as \$X per \$500 of consideration, with the consideration rounded up to the nearest \$500. This converts the recordation tax to a percentage for each county. It is much easier to calculate the recordation tax this way, but the calculation may be a few dollars off (short) of the actual recordation tax. (1) In Baltimore City for instruments that secure more than \$1 million there is also an additional yield tax on the amount of recordation/transfer taxes owed. (2) In Prince George's County only, the local transfer tax also applies to mortgages and deeds of trust. The State transfer tax is never applicable to mortgages or deeds of trust. In all jurisdictions except for Prince George's County, the only tax applicable to mortgages and deeds of trust is the recordation tax.

Recordation & Transfer Tax Burdens Per Transaction

To help policymakers and other stakeholders understand the magnitude of proposed changes to Howard County's transfer and recordation taxes, Sage developed a number of illustrative scenarios. These are presented below.

- Recordation & Transfer Taxes Due - Scenario 1

The first scenario calculates recordation and transfer taxes due by the buyer/seller of a property in each Maryland county assuming a sale price of \$293,930 (this figure is not purely arbitrary; this represents the median home sale price in Maryland in 2018). This scenario presumes that the buyer is not a first time home buyer, that the buyer will occupy the purchased home as their primary residence, and that recordation and transfer taxes are equally shared between buyer and seller.

The designation of owner occupancy is relevant since in certain counties a portion of the sale is exempt from the recordation or transfer tax if the buyer is poised to use the home as their primary residence. In some instances, that exemption/reduction may apply only to the buyer's tax burden. In others, the benefit is split between buyer and seller. For purposes of this analysis, Sage assumes that any eligible tax reductions related to owner occupancy are split evenly between the buyer and seller.

Scenario 1: Assumptions

First-Time Home Buyer	No
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.5%
Sale Price (MD Median Home Price, 2018)	\$293,930
Tax Payment — Buyer/Seller Split	50/50

The table below shows total recordation and transfer taxes owed under this scenario by major jurisdiction. The Appendix to this report offers a more detailed table breaking down the amounts of county recordation, county transfer, and state transfer taxes owed in this scenario.

Exhibit 2. Scenario 1: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	50/50 Split		
		\$	Rank	% of MD Median Home Price
Allegany County	\$4,747	\$2,374	19	0.8%
Anne Arundel County	\$6,467	\$3,233	5	1.1%
Baltimore City	\$8,599	\$4,299	1	1.5%
Baltimore County	\$7,019	\$3,509	4	1.2%
Calvert County	\$4,410	\$2,205	21	0.8%
Caroline County	\$5,754	\$2,877	14	1.0%
Carroll County	\$4,410	\$2,205	21	0.8%
Cecil County	\$5,350	\$2,675	15	0.9%
Charles County	\$5,879	\$2,940	11	1.0%
Dorchester County	\$6,389	\$3,195	7	1.1%
Frederick County	\$4,998	\$2,499	16	0.9%
Garrett County	\$5,967	\$2,983	10	1.0%
Harford County	\$6,049	\$3,025	9	1.0%
Howard County	\$5,879	\$2,939	12	1.0%
Kent County	\$4,880	\$2,440	18	0.8%
Montgomery County	\$6,136	\$3,068	8	1.0%
Prince George's County	\$7,202	\$3,601	3	1.2%
Queen Anne's County	\$5,850	\$2,925	13	1.0%
Somerset County	\$3,410	\$1,705	24	0.6%
St. Mary's County	\$6,461	\$3,230	6	1.1%
Talbot County	\$7,437	\$3,718	2	1.3%
Washington County	\$4,924	\$2,462	17	0.8%
Wicomico County	\$3,528	\$1,764	23	0.6%
Worcester County	\$4,630	\$2,315	20	0.8%

Source: Sage

As indicated, a home priced at 2018's median statewide price would be associated with recordation and transfer tax payments totaling \$5,879 in Howard County. In terms of tax burden, this ranks Howard County 12th among Maryland's 24 major jurisdictions. Of course, most homes in Howard County are priced well above Maryland's median, which means that once one adjusts for median price for each jurisdiction, Howard County's aggregate tax burden becomes relatively greater. In 2018, the median sales price of a Howard County home was \$406,617, or 38.3 percent above the statewide median. Scenario 2 incorporates this factor into computations.

- Recordation & Transfer Taxes Due - Scenario 2

This scenario calculates the recordation and transfer taxes due by the buyer/seller of a property in each Maryland major jurisdiction assuming the sale price is the median home sale price observed in each county in 2018. As with Scenario 1, this scenario presumes that the buyer is not a first-time home buyer, that the buyer will occupy the purchased home as their primary residence, and that recordation and transfer taxes are equally shared between buyer and seller (including any eligible tax reductions related to owner occupancy).

Scenario 2: Assumptions

First-Time Home Buyer	No
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.5%
Sale Price	Varies by county
Tax Payment—Buyer/Seller Split	50/50

Exhibit 3. Maryland Median Home Sale Prices by County, 2018

County	Median Home Sale Price	County	Median Home Sale Price
Allegany County	\$90,829	Harford County	\$247,158
Anne Arundel County	\$338,287	Howard County	\$406,617
Baltimore City	\$139,723	Kent County	\$223,917
Baltimore County	\$238,426	Montgomery County	\$438,521
Calvert County	\$318,471	Prince George’s County	\$286,098
Caroline County	\$181,574	Queen Anne’s County	\$333,504
Carroll County	\$316,458	Somerset County	\$117,833
Cecil County	\$225,308	St. Mary’s County	\$277,790
Charles County	\$295,354	Talbot County	\$303,771
Dorchester County	\$169,719	Washington County	\$190,088
Frederick County	\$311,525	Wicomico County	\$145,261
Garrett County	\$245,142	Worcester County	\$251,338
		Maryland	\$293,930

Source: Maryland Association of REALTORS

Only Montgomery County is associated with a higher median sales price than Howard County. Accordingly, Howard County’s recordation and transfer tax rates are more impactful than a simple consideration of rates would implicate. Exhibit 4 indicates the total recordation and transfer taxes owed under this scenario. Whereas the tax burden in Howard County under the prior scenario was a bit less than \$5,900, under this scenario, the aggregate recordation and transfer tax burden surges past \$8,100.

To put this into perspective, in Allegany County, the analogous tax burden is less than \$1,300, or less than one-sixth Howard County’s tax burden in absolute terms. Closer to home, Howard County’s tax burden is approximately 44 percent above Baltimore County’s and about 9 percent

Estimated Impact of Proposed Recordation and/or Transfer Tax Increases in Howard County, MD

above Anne Arundel County's. It is also more than double the analogous tax burden in Baltimore City. The Appendix to this report supplies a more detailed table breaking down amounts of county recordation, county transfer, and state transfer taxes owed under this scenario.

Of course, much of this result is attributable to the higher cost of the typical Howard County home. Buoyed by its prestigious school system, proximity to both Washington and Baltimore labor markets, its own sizeable economy, and a propensity toward large single-family homes relative to many other communities, Howard County's median home sales price is predictably higher. When one analyzes transfer and recordation tax burden as a percentage of median sales price, Howard County is tied for 9th among Maryland's 24 jurisdictions. This ranking is in large measure a reflection of Howard County's middling combined recordation and transfer tax rate.

Exhibit 4. Scenario 2: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	50/50 Buyer/Seller Split			
		\$Buyer Share	Rank	% of Median Home Price	Rank
Allegany County	\$1,295	\$648	24	0.7%	22
Anne Arundel County	\$7,444	\$3,722	4	1.1%	5
Baltimore City	\$3,639	\$1,820	18	1.3%	1
Baltimore County	\$5,631	\$2,816	9	1.2%	3
Calvert County	\$4,777	\$2,389	13	0.8%	17
Caroline County	\$3,506	\$1,753	20	1.0%	9
Carroll County	\$4,747	\$2,374	14	0.8%	17
Cecil County	\$4,102	\$2,051	15	0.9%	15
Charles County	\$5,909	\$2,954	8	1.0%	9
Dorchester County	\$3,591	\$1,796	19	1.1%	5
Frederick County	\$5,296	\$2,648	10	0.9%	15
Garrett County	\$4,892	\$2,446	12	1.0%	9
Harford County	\$5,038	\$2,519	11	1.0%	9
Howard County	\$8,132	\$4,066	2	1.0%	9
Kent County	\$3,718	\$1,859	17	0.8%	17
Montgomery County	\$9,590	\$4,795	1	1.1%	5
Prince George's County	\$7,009	\$3,504	5	1.2%	3
Queen Anne's County	\$6,637	\$3,318	6	1.0%	9
Somerset County	\$1,368	\$684	23	0.6%	23
St. Mary's County	\$6,091	\$3,045	7	1.1%	5
Talbot County	\$7,705	\$3,852	3	1.3%	1
Washington County	\$3,095	\$1,547	21	0.8%	17
Wicomico County	\$1,745	\$872	22	0.6%	23
Worcester County	\$3,923	\$1,962	16	0.8%	17

Source: Sage

- Recordation & Transfer Taxes Due - Scenario 3

This scenario calculates the recordation and transfer taxes due by the buyer/seller of a property in each Maryland County assuming the statewide median sales price of \$293,930 observed in 2018 and a first-time homebuyer. Once again, the Sage study team presumes that the buyer will occupy the purchased home as their primary residence and that any eligible tax reductions related to owner occupancy are shared equally between the buyer and the seller. In the case of a first time homebuyer, the Maryland transfer tax rate is reduced from 0.5 percent to 0.25 percent, and the seller is responsible for paying the entire State transfer tax bill.

Several counties also offer some tax reduction in the case of first-time home buyers. For example, in Cecil County, the buyer and seller are both exempt from the County’s transfer tax if the buyer is a first time home buyer. In Queen Anne’s County, the rate is reduced to 0.25 percent in the case of a first time home buyer. In Caroline County the first \$75,000 of consideration is exempt from the county transfer tax. In Washington County, the rate is reduced to 0.25 percent if: 1) the buyer is a first time Washington County homebuyer, 2) the buyer has resided in the county for the last 12 months, and 3) if the total consideration is less than \$115,000. A table in the Appendix to this report details county recordation and transfer tax exemptions.

This scenario calculates the total tax burden including county level first-time home buyer tax reductions. We assume that the benefit of any tax reduction is split between the buyer and the seller, however in some county statutes it is specified that the benefit only apply to the buyer unless otherwise agreed upon. For ease of calculation and comparison, we make the assumption of a 50/50 split in tax reduction.

Scenario 3: Assumptions

First-Time Home Buyer	Yes
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.25%
Sale Price	\$293,930
Tax Payment—Buyer/Seller Split	County R/T Taxes: 50/50 split unless otherwise noted State Transfer Taxes: 100 seller/0 buyer

As reflected in Exhibit 5, Howard County’s total transactional cost burden ranks toward the middle of Maryland’s 24 major jurisdictions. However, this changes once one considers the higher costs of housing in Howard County, which are embodied in Scenario 4. The Appendix to this report supplies a more detailed table that disaggregates county recordation, county transfer, and state transfer taxes owed under this scenario.

Exhibit 5. Scenario 3: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	Rank	Buyer Portion		Seller Portion	
			\$	% of MD Median Home Price	\$	% of MD Median Home Price
Allegany County	\$4,012	18	\$1,639	0.6%	\$2,374	0.8%
Anne Arundel County	\$5,732	5	\$2,499	0.9%	\$3,233	1.1%
Baltimore City	\$7,864	1	\$3,564	1.2%	\$4,299	1.5%
Baltimore County	\$6,284	4	\$2,774	0.9%	\$3,509	1.2%
Calvert County	\$3,675	20	\$1,470	0.5%	\$2,205	0.8%
Caroline County	\$4,769	13	\$2,017	0.7%	\$2,752	0.9%
Carroll County	\$3,675	20	\$1,470	0.5%	\$2,205	0.8%
Cecil County	\$3,146	22	\$1,205	0.4%	\$1,940	0.7%
Charles County	\$5,144	11	\$2,205	0.8%	\$2,940	1.0%
Dorchester County	\$5,654	7	\$2,460	0.8%	\$3,195	1.1%
Frederick County	\$4,263	15	\$1,764	0.6%	\$2,499	0.9%
Garrett County	\$5,232	10	\$2,249	0.8%	\$2,983	1.0%
Harford County	\$5,315	9	\$2,290	0.8%	\$3,025	1.0%
Howard County	\$5,144	11	\$2,205	0.8%	\$2,939	1.0%
Kent County	\$4,145	17	\$1,705	0.6%	\$2,440	0.8%
Montgomery County	\$5,401	8	\$2,333	0.8%	\$3,068	1.0%
Prince George's County	\$6,467	3	\$2,866	1.0%	\$3,601	1.2%
Queen Anne's County	\$4,380	14	\$1,823	0.6%	\$2,558	0.9%
Somerset County	\$2,675	24	\$970	0.3%	\$1,705	0.6%
St. Mary's County	\$5,726	6	\$2,496	0.8%	\$3,230	1.1%
Talbot County	\$6,702	2	\$2,984	1.0%	\$3,718	1.3%
Washington County	\$4,189	16	\$1,727	0.6%	\$2,462	0.8%
Wicomico County	\$2,793	23	\$1,029	0.4%	\$1,764	0.6%
Worcester County	\$3,895	19	\$1,580	0.5%	\$2,315	0.8%

Source: Sage

- Recordation & Transfer Taxes Due - Scenario 4

This scenario is the same as scenario 3, except that it assumes the median sale price observed in each county in 2018 (see Exhibit 3 above). We assume that the buyer is a first-time home buyer, will occupy the purchased home as their primary residence, and that any eligible tax reductions related to owner occupancy are shared equally between the buyer and the seller. The Maryland transfer tax rate is reduced from 0.5 percent to 0.25 percent, and the seller is responsible for paying the entire State transfer tax bill. Again, for ease of calculation and comparison, we make the simplifying assumption of a 50/50 split in county level tax reductions when a first-time home buyer is involved.

Scenario 4: Assumptions

First-Time Home Buyer	Yes
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.25%
Sale Price	Varies by county
Tax Payment—Buyer/Seller Split	County R/T Taxes: 50/50 split unless otherwise noted
	State Transfer Taxes: 100 seller/0 buyer

In this instance, Howard County’s total transactional cost ranks 2nd among Maryland’s 24 major jurisdictions. The buyer portion under this scenario exceeds \$3,000 while the seller’s share exceeds \$4,000. Only Montgomery County is also associated with a buyer expense in excess of \$3,000 *and* a seller expense exceeding \$4,000. The Appendix to this report supplies a more detailed table disaggregating amounts of county recordation, county transfer, and state transfer taxes owed under this scenario.⁴

⁴ Talbot County is associated with a buyer expense in excess of \$3,000, but the expense to the seller is below \$4,000 under this scenario.

Exhibit 6. Scenario 4: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	Rank	Buyer Portion		Seller Portion	
			\$	% of Median Home Price	\$	% of Median Home Price
Allegany County	\$1,068	24	\$421	0.5%	\$648	0.7%
Anne Arundel County	\$6,598	4	\$2,876	0.9%	\$3,722	1.1%
Baltimore City	\$3,290	16	\$1,470	1.1%	\$1,820	1.3%
Baltimore County	\$5,035	8	\$2,219	0.9%	\$2,816	1.2%
Calvert County	\$3,981	13	\$1,593	0.5%	\$2,389	0.8%
Caroline County	\$2,802	19	\$1,174	0.6%	\$1,628	0.9%
Carroll County	\$3,956	14	\$1,583	0.5%	\$2,374	0.8%
Cecil County	\$2,412	21	\$925	0.4%	\$1,488	0.7%
Charles County	\$5,170	7	\$2,216	0.8%	\$2,954	1.0%
Dorchester County	\$3,167	17	\$1,371	0.8%	\$1,796	1.1%
Frederick County	\$4,517	10	\$1,869	0.6%	\$2,648	0.9%
Garrett County	\$4,279	12	\$1,833	0.7%	\$2,446	1.0%
Harford County	\$4,420	11	\$1,901	0.8%	\$2,519	1.0%
Howard County	\$7,115	2	\$3,049	0.7%	\$4,066	1.0%
Kent County	\$3,158	18	\$1,299	0.6%	\$1,859	0.8%
Montgomery County	\$8,494	1	\$3,699	0.8%	\$4,795	1.1%
Prince George's County	\$6,294	5	\$2,789	1.0%	\$3,504	1.2%
Queen Anne's County	\$4,969	9	\$2,068	0.6%	\$2,901	0.9%
Somerset County	\$1,073	23	\$389	0.3%	\$684	0.6%
St. Mary's County	\$5,396	6	\$2,351	0.8%	\$3,045	1.1%
Talbot County	\$6,945	3	\$3,093	1.0%	\$3,852	1.3%
Washington County	\$2,620	20	\$1,072	0.6%	\$1,547	0.8%
Wicomico County	\$1,382	22	\$509	0.4%	\$872	0.6%
Worcester County	\$3,295	15	\$1,333	0.5%	\$1,962	0.8%

Source: Sage

Estimated Impacts of Proposed Tax Increases in Howard County

- Higher Transfer or Recordation Tax would Effectively Render Housing More Expensive to Buyers, and Less Valuable to Sellers

A higher recordation and/or transfer tax would render it more expensive for first-time buyers to enter the ranks of homeownership, and would also make it more expensive for move-up buyers to purchase homes deemed more appropriate for their families and shifting needs. One way to establish the likely impact of the proposed tax increases is to analyze the impact on housing markets that have been analogously impacted in the past.

To the extent that the marketplace is affected, impacts would likely take one of two forms. First, a meaningful increase in transactional cost could cause some would-be Howard County homeowners to select a home in another jurisdiction. Second, the suppression of demand for Howard County housing would translate into lower property values, thereby negatively impacting property tax collections. Theoretically, the loss of property tax collections could fully or more than fully offset the additional revenue collected via a higher transfer tax, but in practical terms, the revenue impact would be only partial.

- Observed Impact on Consumer Behavior and Housing Markets

Recordation and transfer taxes are one-time costs associated with purchasing (or selling) a home. Faced with this additional cost of purchase, homeowners are less likely to move when their circumstances change, creating a lock-in effect. Households may stay in houses that are too big, too small, or too far from their place of work. Young families may delay moving to larger houses as their families grow in size. Older households may not downsize as their children depart, leaving fewer desirable housing opportunities for others and resulting in a collective loss in quality of life.

It is even conceivable that would-be home-owning residents may not accept a job offer if it necessitates a move or may not move if their current job location changes, lengthening commuting time. Elevated transfer taxes not only discourage mobility among current homeowners, but can also discourage frequent movers from becoming homeowners and encourage them to continue renting.⁵ Among other things, this would have the likely effect of reducing local property tax collections. In sum, the expected effect of higher transfer taxes would be decreased mobility, less rapid housing turnover, and diminished home values. This is not merely theoretical. As the discussion below indicates, this is precisely the type of dynamics that have been observed by scholars.

⁵ Bahl, Roy W., Jorge Martinez-Vazquez, and Joan M. Youngman, eds. *Challenging the conventional wisdom on the property tax*. Lincoln Institute of Land Policy, 2010.

- The Literature

Dachis et al. (2012) exploit a natural experiment arising from the previously unexpected introduction of a real estate transfer tax in Toronto, Canada in 2008 to estimate the impact of transfer taxes on local single-family housing markets. The authors use data describing more than 139,000 single-family home sales and a border discontinuity approach. They find that Toronto's 1.1 percent tax reduced the volume of sales by approximately 14 percent. Put another way, the tax resulted in a 14 percent decrease in residential mobility. They also found that the tax was capitalized into home prices at a rate equal to the tax (i.e., housing values declined by an amount equal to the tax burden).

The authors go on to estimate the welfare loss of the transfer tax relative to an equivalent property tax. The welfare loss due to the transfer tax results from the disincentive to move that is created by a transfer tax, but not by an ongoing property tax. The authors estimate that the welfare loss (effectively the cost of foregone mobility) equals approximately \$1 for every \$8 in tax revenue raised.⁶

Van Ommeren and Van Leuvensteijn (2005) measure the impact of a transfer tax in the Netherlands on mobility. Using a sample of more than 16,000 Dutch households, they demonstrate empirically that a 6 percent ad valorem transfer tax paid by buyers has a strong negative effect on homeowners' probability of moving. Specifically, they find that a 1 percentage point increase in transaction costs (measured as a percentage of the value of the residence) decreases residential mobility rates by at least 8 percent.^{7,8}

A number of other studies have shown that transaction costs (a feature of a transfer tax as compared to recurring property taxes) produce negative impacts on mobility. Hilber and Lyytikainen (2012) study the United Kingdom's real estate transfer tax and find that it significantly distorts mobility decisions. Davidoff and Leigh (2013) evaluate the effect of stamp duties in Australia and find that a 10 percent increase in stamp duty lowers turnover by 3 percent in the first year and by 6 percent if sustained over a 3-year period.⁹

These effects are apparent in America as well. Among these studies are Boehm (1981); Haurin and Gill (2002); and Rosenthal (1988), which collectively indicate that higher transactional costs can impact decisions related to renting versus owning.¹⁰

Benjamin, Coulson, and Yang (1993) examine the effect of the 1988 increase in Philadelphia's real estate transfer tax on the sale price of residential property. In 1988, Philadelphia's property transfer

⁶ Dachis, Ben, Gilles Duranton, and Matthew A. Turner. "The effects of land transfer taxes on real estate markets: evidence from a natural experiment in Toronto." *Journal of Economic Geography* 12, no. 2 (2012): 327-354.

⁷ Van Ommeren, Jos, and Michiel Van Leuvensteijn. "New evidence of the effect of transaction costs on residential mobility." *Journal of Regional Science* 45, no. 4 (2005): 681-702.

⁸ Bahl, Roy W., Jorge Martinez-Vazquez, and Joan M. Youngman, eds. *Challenging the conventional wisdom on the property tax*. Lincoln Institute of Land Policy, 2010.

⁹ Davidoff, Ian, and Andrew Leigh. "How do stamp duties affect the housing market?." *Economic Record* 89, no. 286 (2013): 396-410.

¹⁰ Transaction Costs in Housing Markets, J. Van Ommeren, in *International Encyclopedia of Housing and Home*, 2012.

tax rate increased by 45 percent, from 3.5 to 5.07 percent. The authors find that home sales prices fell by more than 8 percent after implementation of the tax increase, significantly more than anticipated by policymakers. Interestingly, their findings suggest that a substantial fraction of the tax increase burden falls on sellers. The analysis also finds that the negative impact on sales price is larger than what would occur under full capitalization of the tax increase. The authors attribute the unexpectedly large decrease in home sales prices to mortgage market imperfections or alternatively that the transfer tax increase signals future tax increases, further depressing the demand for housing.^{11,12}

- Are Transfer Taxes Regressive?

The notion of regressivity is associated with circumstances in which a particular tax produces higher burdens as a fraction of income for poorer households than for wealthier ones. Whether a transfer tax burden will be distributed progressively, regressively, or proportionately depends upon a number of factors, including the distribution of land and property ownership, differences in mobility, and specific tax rate structures.¹³

For example, let us assume that low-income and high-income households move with the same frequency. If the value of property owned represents a larger proportion of income for lower income households, then the transfer tax is regressive.¹⁴ If, for instance, a household earning \$100,000 per year typically purchases/owns a \$400,000 home, and a household earning \$200,000 per year typically purchases/owns a \$600,000 home, the transfer tax will tend to be regressive since it will consume proportionately more of the \$100,000 in income than the \$200,000 in income enjoyed by the higher income household.¹⁵

Some states/localities counter this problem by excluding a portion of the value of the sale/transaction price from taxation — for example, the first \$75,000 or \$100,000. Therefore, lower income buyers, those who are likely to purchase cheaper homes if they purchase at all, experience a lower tax burden than they otherwise would have. Some communities have also rendered transfer taxes more progressive or at least less regressive by applying a differential percentage tax rate that increases with the increasing sales price of property.¹⁶

¹¹ Bahl, Roy W., Jorge Martinez-Vazquez, and Joan M. Youngman, eds. *Challenging the conventional wisdom on the property tax*. Lincoln Institute of Land Policy, 2010.

¹² Benjamin, John D., N. Edward Coulson, and Shiawee X. Yang. “Real estate transfer taxes and property values: The Philadelphia story.” *The Journal of Real Estate Finance and Economics* 7, no. 2 (1993): 151-157.

¹³ Bahl, Roy W., Jorge Martinez-Vazquez, and Joan M. Youngman, eds. *Challenging the conventional wisdom on the property tax*. Lincoln Institute of Land Policy, 2010.

¹⁴ Ibid.

¹⁵ “Real Estate Conveyance Tax and Controlling Interest Transfer Tax”, by Catherine Collins, Associate Director and Senior Research Associate, George Washington Institute of Public Policy. Prepared for the Connecticut State Tax Panel. Discussion Draft. November 17, 2015.

¹⁶ Walker, Jamie Rae, and John L. Crompton. “A Review of Real-Estate Transfer Tax Legislation Enacted by 13 States and 3 Local Areas to Fund Parks and Conservation.” *Journal of Park & Recreation Administration* 23, no. 3 (2005).

In general, if recordation/transfer taxes are applied at a flat rate to all property transactions, they are likely to be regressive. This result prevails because those with higher incomes tend to spend a decreasing share of their total income on housing as income increases. This is true for all property-related taxes, not only transfer taxes.¹⁷

Let's take another example. Assume a hypothetical 1 percent transfer tax on a \$300,000 home sale for two households, one making \$50,000/year and the other making \$150,000/year. The buyer's portion of the tax bill (\$1,500) equals 6 percent of income for the household making \$50,000/year and just 2 percent of income for the household making \$150,000 per year.

Now say that the transfer tax rate is increased to 1.5 percent. The buyer's portion of the tax is now \$2,250. For the household earning \$50,000/year, the tax burden now represents 9 percent of income, a 3 percentage point increase from before. For the household making \$150,000/year, the buyer's portion of the tax as a percentage of income increases by just 1 percentage point, to 3 percent of income. In other words, not only do transfer taxes tend to be regressive, so, too, are increases in transfer tax rates.

Exhibit 7. Hypothetical Transfer Tax Burden for Two Different Household Income Levels, \$300,000 Home Sale Price

	1% Transfer Tax Rate			1.5% Transfer Tax Rate	
	HH making \$50k/year	HH making \$150k/year		HH making \$50k/year	HH making \$150k/year
Sale Price	\$300,000	\$300,000	Sale Price	\$300,000	\$300,000
Tax Bill	\$3,000	\$3,000	Tax Bill	\$4,500	\$4,500
Buyer's Portion (50/50 split)	\$1,500	\$1,500	Buyer's Portion (50/50 split)	\$2,250	\$2,250
% of Income	6.0%	2.0%	% of Income	9.0%	3.0%

Source: Sage

Even if the higher income household purchases a home that is twice as expensive (say \$600,000 compared to the lower income household's purchase of a \$300,000 home), the transfer tax bill still represents a smaller portion of income for the higher income household (2%) than for the lower income household (3%). Again, if the transfer tax rate were increased to 1.5 percent from 1 percent, the transfer tax bill as a share of income increases more for the lower income household than for the higher income household.

For the household earning \$50,000/year and purchasing a \$300,000 home, an increase in the transfer tax rate from 1 to 1.5 percent increases the associated tax bill from 3 percent of income to 4.5 percent of income, a difference of 1.5 percentage points. For the household earning \$150,000/year and purchasing a \$600,000 home, an increase in the transfer tax rate from 1 to 1.5 percent increases the tax bill from 2 percent of income to 3 percent of income, or by just 1 percentage point.

¹⁷ Ibid.

Exhibit 8. Hypothetical Transfer Tax Burden for Two Different Household Income Levels & Two Different Home Sale Prices

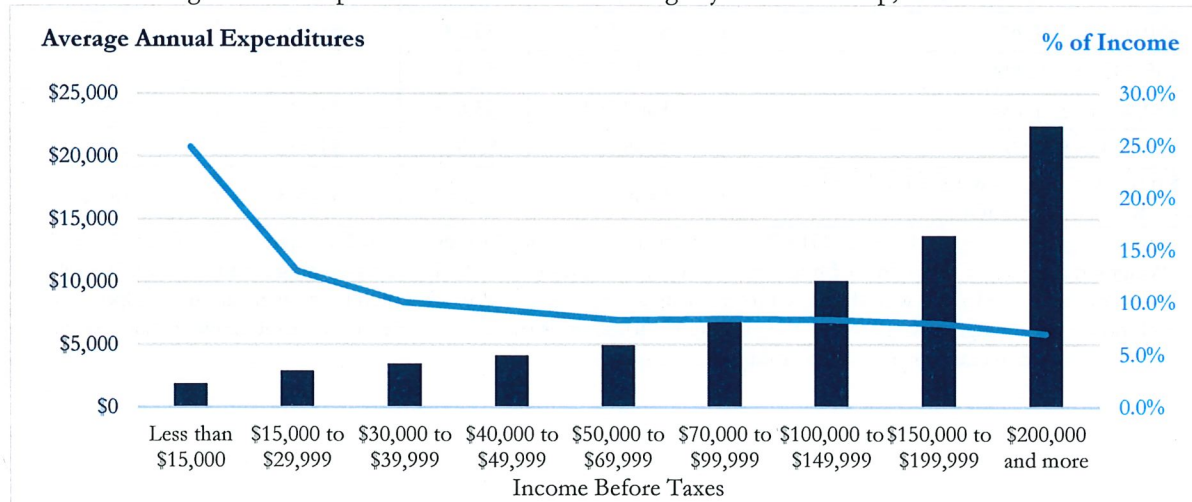
	1% Transfer Tax Rate			1.5% Transfer Tax Rate	
	HH making \$50k/year	HH making \$150k/year		HH making \$50k/year	HH making \$150k/year
Sale Price	\$300,000	\$600,000	Sale Price	\$300,000	\$600,000
Tax Bill	\$3,000	\$6,000	Tax Bill	\$4,500	\$9,000
Buyer's Portion (50/50 split)	\$1,500	\$3,000	Buyer's Portion (50/50 split)	\$2,250	\$4,500
% of Income	3.0%	2.0%	% of Income	4.5%	3.0%

Source: Sage

One can play with parameters and assumptions to generate all kinds of results, but at the heart of this analysis is the notion that very wealthy families, for instance the family of Bill Gates, is less likely to spend a higher share of their income on their primary residence than less wealthy families. For policymakers, regressivity often represents a major consideration, especially in communities that are already challenged along the dimension of housing affordability.

The Bureau of Labor Statistics Consumer Expenditure Surveys (CE) program supplies data regarding expenditures, income, and demographic characteristics of consumers in the United States. On average, households¹⁸ that make less than \$15,000 before taxes and own their home spend approximately 25 percent of their income on their home annually. That share declines dramatically for consumers in higher income groups. For example, the average household earning \$100,000-\$150,000 before taxes that owns their home spends approximately 8.4 percent of their income on their home annually. The result prevails despite the fact that as income rises, people tend to spend more on housing in absolute terms. See Exhibit 9 for additional statistical detail.

Exhibit 9. Average Annual Expenditures on Owned Dwellings by Income Group, 2018



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Surveys (CE) program

¹⁸ The proper technical term for purposes of the Consumer Expenditure data is “consumer unit”, however the terms household, family, and consumer unit are often used interchangeably for convenience.

Another way to assess regressivity or lack thereof is to examine a hypothetical tax on median housing value by income group. The U.S. Census Bureau supplies data regarding housing values for seven household income groups. For each group, the Census Bureau reports the number of households owning homes in various ranges of home values. Using these distributions of income and housing values allows one to calculate a weighted average home value for each income range.

In Howard County, for households with income of \$35,000 to \$49,999/year (many of these are comprised of retirees), the weighted average home value is approximately \$345,000. For households with income of \$100,000 or more/year, the weighted average home value is almost \$469,000 (see Exhibit 10).

For purposes of illustration, let us assume a hypothetical 1 percent transfer tax. For the group with household income of \$35,000 to \$49,999/year, the seller's portion of the tax on the sale of a \$344,671 home would be \$1,723, or 3.4 percent of household income. For households with income of \$150,000, the seller's portion of the tax on the sale of a \$468,670 home would be \$2,343, or 1.6 percent of household income. This is consistent with the notion that transfer taxes are also regressive in a Howard County context and that they are regressive from the perspectives of both buyers and sellers.

Exhibit 10. Howard County Home Values and Hypothetical Transfer Tax Burdens by Household Income Level, 2017 – Used for Illustrative Purposes

Household Income the Past 12 Months (in 2017 inflation-adjusted dollars)	Weighted Avg. Home Value*	1% Transfer Tax	Buyer Portion (50/50 Split)	% of HH Income (Top of each income range assumed)
Less than \$10,000:	\$334,075	\$3,341	\$1,670	16.7%
\$10,000 to \$19,999:	\$341,120	\$3,411	\$1,706	8.5%
\$20,000 to \$34,999:	\$358,521	\$3,585	\$1,793	5.1%
\$35,000 to \$49,999:	\$344,671	\$3,447	\$1,723	3.4%
\$50,000 to \$74,999:	\$369,764	\$3,698	\$1,849	2.5%
\$75,000 to \$99,999:	\$356,831	\$3,568	\$1,784	1.8%
\$100,000 or more (assumed to be \$150K for purposes of computation)	\$468,670	\$4,687	\$2,343	1.6%

Source: Sage; U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table B25121.

*Weighted average of midpoints of home value range. For example, if the home value range is \$10,000 to \$19,999, a midpoint value of \$15,000 would be used to calculate a weighted average. For each income group, the midpoint of each home value range is weighted by the number of households owning a home in that value range to calculate an overall weighted average home value for that income group.

- How likely is it that Some Buyers will Purchase Elsewhere?

Howard County presently offers an advantage over neighboring Montgomery, Anne Arundel, Prince George's, and Baltimore counties in that it offers a lower combined recordation and transfer tax rate. Howard County's combined recordation and transfer tax rate (including the 0.5% State rate) is 2 percent. The corresponding rate is 2.4 percent in Montgomery County, 2.2 percent in Anne Arundel County, and 2.5 percent in both Prince George's and Baltimore counties. Bordering Carroll and Frederick counties are associated with higher recordation tax rates, but levy no county transfer taxes, resulting in lower combined recordation/transfer tax rates than in Howard County (1.5% and 1.7%, respectively).

In Scenario 2 presented earlier in this report, we estimated that recordation and transfer taxes (including the State's transfer tax) owed by a buyer amounted to \$4,066 in Howard County based on the county's median home sale price in 2018 and a 50-50 buyer/seller split. That tax bill represents 1 percent of median sale price. This means that while the absolute tax burden is relatively high at the settlement table, Howard County also offers value to home buyers in that the tax burden as a share of home value is presently competitive vis-à-vis neighboring/proximate jurisdictions.

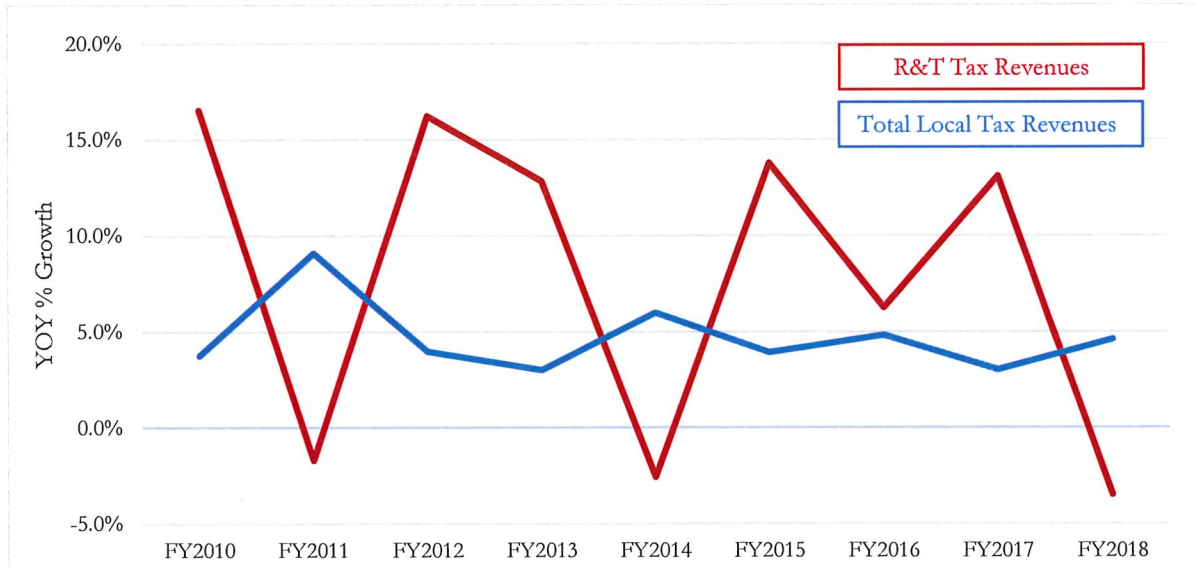
In neighboring Anne Arundel, Baltimore, Montgomery, and Prince George's counties, the tax bill was slightly higher as a percent of median sale price (between 1.1% and 1.2%). In nearby Carroll and Frederick counties, the tax bill was slightly lower as a percent of median sales price (0.8-0.9%). Admittedly, the differences between these jurisdictions under the status quo are not massive, but that also means that a relatively small increase in Howard County's recordation or transfer tax rate could take its tax burden as a share of median sales price from roughly middle of the pack to meaningfully higher than the statewide average. Because homes are generally so expensive in Howard County, the county is already associated with the second highest absolute recordation and transfer tax burden in Maryland in absolute terms.

- Tax Revenues

There is an obvious countervailing consideration. Higher transfer (or recordation) taxes would generate higher tax revenues all things being equal – revenues that could be utilized for a variety of purposes. However, this stream of revenues is likely to be erratic since sales volumes shift in accordance with changes in mortgage rates and the performance of the broader economy. This renders transfer taxes less reliable sources of revenue for local governments.¹⁹

Exhibit 11 shows just how volatile Howard County’s recordation and transfer tax revenues have been over time relative to total local tax revenues. There may be other sources of revenue that are preferable in terms of predictably funding ongoing County expenditures, including charging higher user fees for those using County services.

Exhibit 11. Growth in Howard County Tax Revenues: Recordation/Transfer Taxes v. Total Local Taxes, FY2010-FY2018



Source: Howard County Department of Finance-Comprehensive Annual Financial Reports (CAFRs). Note: Total local taxes: property, local income, transfer, recordation, building excise, hotel/motel, admissions, county development, mobile home.

Again, one of the issues is that not all things are equal. Anything that raises the cost of housing without expanding the appeal of that housing will generate lower values. This in turn would translate into lower property tax assessments over time, potentially waylaying a meaningful fraction of any revenue gains generated in the short-term by higher transfer and/or recordation taxes.

¹⁹ Bahl, Roy W., Jorge Martinez-Vazquez, and Joan M. Youngman, eds. *Challenging the conventional wisdom on the property tax*. Lincoln Institute of Land Policy, 2010.

Conclusion

This Sage study does not attempt to recommend whether Howard County's recordation or transfer taxes should be increased or not. The goal is merely to issue spot – to identify some countervailing considerations.

While we conclude that higher recordation or transfer taxes would generate additional revenue for the County, we also have determined that:

- At the county's 2018 median home sale price generated, the aggregate recordation and transfer tax owed in Howard County under status quo tax rates would be more than \$8,100. This is 44 percent above Baltimore County's analogous burden and 9 percent above Anne Arundel County's.
- A consequential increase in Howard County's transactional taxes could induce demand to shift elsewhere, resulting in diminished property values *ceteris paribus*.
- Diminished property values would ultimately result in lower property tax collections, partially countervailing revenues generated via higher recordation and/or transfer tax rates.
- A higher transfer tax renders it more expensive for first-time buyers to enter the ranks of homeownership, and would also make it more expensive for move-up buyers to purchase homes deemed more appropriate for their families and shifting needs.
- Transfer taxes and increases thereof are generally regressive. This fact is especially important when considering first time homebuyers, who are likely to have lower income levels on average than other prospective purchasers.
- Transfer and recordation tax collections tend to be highly erratic, and are accordingly inconsistent with the smoother flow of revenues typically desired by those who fashion annual operating or capital budgets for local governments.
- Howard County presently offers an advantage over neighboring Montgomery, Anne Arundel, Prince George's, and Baltimore counties in that it offers a lower combined recordation and transfer tax rate. This supports higher property values in Howard County *ceteris paribus*. This is an advantage that can be lost.

Appendix

County Recordation & Transfer Tax Exemptions/Reductions*

County	Owner Occupancy Exemption? (Portion of Sale Exempt from Tax)		First Time Home Buyer Exemption/Reduction?
	Recordation Tax	Transfer Tax	Transfer Tax
Allegany County	-	\$50,000	-
Anne Arundel County	-	-	-
Baltimore City	\$22,000	\$22,000 (1)	-
Baltimore County	-	\$22,000	-
Calvert County	-	-	-
Caroline County	-	\$25,000 (2)	First \$75,000 of sale exempt (2)
Carroll County	-	-	-
Cecil County	-	-	0% tax
Charles County	-	-	-
Dorchester County	-	\$30,000	-
Frederick County	-	-	-
Garrett County	-	\$50,000	-
Harford County	-	\$30,000	-
Howard County	-	- (3)	-
Kent County	-	-	-
Montgomery County	\$100,000	-	-
Prince George's County	-	- (4)	-
Queen Anne's County	-	-	Rate reduced to 0.25%
Somerset County	-	-	-
St. Mary's County	-	\$30,000	-
Talbot County	-	\$50,000	-
Washington County	-	\$50,000 (5)	Rate reduced to 0.25% (6)
Wicomico County	-	-	-
Worcester County	-	\$50,000	-

Source: Individual county websites and county codes/laws. Notes: *In some cases the exemption/reduction applies to the buyer only, in some cases the benefit is split between buyer and seller. (1) On purchases under \$250K. (2) Buyer cannot receive both owner occupancy and FTHB exemption. (3) Law Enforcement Officers, Fire and Rescue Services Members and Certificated Professional Teacher are eligible for a rate reduction to 0% if a first time home buyer; 0.7% for subsequent purchases. (4) Classroom teachers are eligible for a rate reduction to 1%. Police officer/deputy sheriffs are eligible for a rate reduction to 0% if a first time home buyer; 1% for subsequent purchases. (5) Exempt on all transactions (owner occupied or otherwise). (6) Reduced rate of ¼ of 1% for a deed to first time *Washington County* homebuyer(s), defined as an individual who: 1. Has never owned residential real property in Washington County that has been the individual's principal residence; and 2. Has been a resident of Washington County continuously for twelve months prior to the purchase; and 3. Has purchased a residence for a total consideration of less than \$115,000.

Recordation & Transfer Tax Burdens by County: Scenario 1

Scenario 1: Assumptions

FTHB?	No
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.5%
Sale Price (MD Median Home Price, 2018)	\$293,930
Tax Payment—Buyer/Seller Split	50/50

*FTHB: First time home buyer

Scenario 1: Recordation & Transfer Taxes Owed

County	County Recordation Taxes	County Transfer Taxes	State Transfer Taxes	Total R/T Taxes	50/50 Split		
					\$	Rank	% of MD Median Home Price
Allegany County	\$2,058	\$1,220	\$1,470	\$4,747	\$2,374	19	0.8%
Anne Arundel County	\$2,058	\$2,939	\$1,470	\$6,467	\$3,233	5	1.1%
Baltimore City	\$2,720	\$4,409	\$1,470	\$8,599	\$4,299	1	1.5%
Baltimore County	\$1,470	\$4,079	\$1,470	\$7,019	\$3,509	4	1.2%
Calvert County	\$2,940	\$0	\$1,470	\$4,410	\$2,205	21	0.8%
Caroline County	\$2,940	\$1,345	\$1,470	\$5,754	\$2,877	14	1.0%
Carroll County	\$2,940	\$0	\$1,470	\$4,410	\$2,205	21	0.8%
Cecil County	\$2,411	\$1,470	\$1,470	\$5,350	\$2,675	15	0.9%
Charles County	\$2,940	\$1,470	\$1,470	\$5,879	\$2,940	11	1.0%
Dorchester County	\$2,940	\$1,979	\$1,470	\$6,389	\$3,195	7	1.1%
Frederick County	\$3,528	\$0	\$1,470	\$4,998	\$2,499	16	0.9%
Garrett County	\$2,058	\$2,439	\$1,470	\$5,967	\$2,983	10	1.0%
Harford County	\$1,940	\$2,639	\$1,470	\$6,049	\$3,025	9	1.0%
Howard County	\$1,470	\$2,939	\$1,470	\$5,879	\$2,939	12	1.0%
Kent County	\$1,940	\$1,470	\$1,470	\$4,880	\$2,440	18	0.8%
Montgomery County	\$1,727	\$2,939	\$1,470	\$6,136	\$3,068	8	1.0%
Prince George's County	\$1,617	\$4,115	\$1,470	\$7,202	\$3,601	3	1.2%
Queen Anne's County	\$2,911	\$1,470	\$1,470	\$5,850	\$2,925	13	1.0%
Somerset County	\$1,940	\$0	\$1,470	\$3,410	\$1,705	24	0.6%
St. Mary's County	\$2,352	\$2,639	\$1,470	\$6,461	\$3,230	6	1.1%
Talbot County	\$3,528	\$2,439	\$1,470	\$7,437	\$3,718	2	1.3%
Washington County	\$2,234	\$1,220	\$1,470	\$4,924	\$2,462	17	0.8%
Wicomico County	\$2,058	\$0	\$1,470	\$3,528	\$1,764	23	0.6%
Worcester County	\$1,940	\$1,220	\$1,470	\$4,630	\$2,315	20	0.8%

Recordation & Transfer Tax Burdens by County: Scenario 2

Scenario 2: Assumptions

FTHB?	No
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.5%
Sale Price	Varies by county
Tax Payment—Buyer/Seller Split	50/50

*FTHB: First time home buyer

Scenario 2: Recordation & Transfer Taxes Owed

County	County Recordation Taxes	County Transfer Taxes	State Transfer Taxes	Total R/T Taxes	50/50 Buyer/Seller Split			
					\$	Rank	% of Median Home Price	Rank
Allegany County	\$637	\$204	\$454	\$1,295	\$648	24	0.7%	22
Anne Arundel County	\$2,370	\$3,383	\$1,691	\$7,444	\$3,722	4	1.1%	5
Baltimore City	\$1,175	\$1,766	\$699	\$3,639	\$1,820	18	1.3%	1
Baltimore County	\$1,193	\$3,246	\$1,192	\$5,631	\$2,816	9	1.2%	4
Calvert County	\$3,185	\$0	\$1,592	\$4,777	\$2,389	13	0.8%	21
Caroline County	\$1,815	\$783	\$908	\$3,506	\$1,753	20	1.0%	14
Carroll County	\$3,165	\$0	\$1,582	\$4,747	\$2,374	14	0.8%	20
Cecil County	\$1,849	\$1,127	\$1,127	\$4,102	\$2,051	15	0.9%	15
Charles County	\$2,955	\$1,477	\$1,477	\$5,909	\$2,954	8	1.0%	10
Dorchester County	\$1,695	\$1,048	\$849	\$3,591	\$1,796	19	1.1%	8
Frederick County	\$3,738	\$0	\$1,558	\$5,296	\$2,648	10	0.8%	16
Garrett County	\$1,715	\$1,951	\$1,226	\$4,892	\$2,446	12	1.0%	12
Harford County	\$1,630	\$2,172	\$1,236	\$5,038	\$2,519	11	1.0%	9
Howard County	\$2,033	\$4,066	\$2,033	\$8,132	\$4,066	2	1.0%	11
Kent County	\$1,478	\$1,120	\$1,120	\$3,718	\$1,859	17	0.8%	17
Montgomery County	\$3,013	\$4,385	\$2,193	\$9,590	\$4,795	1	1.1%	7
Prince George's County	\$1,573	\$4,005	\$1,430	\$7,009	\$3,504	5	1.2%	3
Queen Anne's County	\$3,302	\$1,668	\$1,668	\$6,637	\$3,318	6	1.0%	13
Somerset County	\$779	\$0	\$589	\$1,368	\$684	23	0.6%	24
St. Mary's County	\$2,224	\$2,478	\$1,389	\$6,091	\$3,045	7	1.1%	6
Talbot County	\$3,648	\$2,538	\$1,519	\$7,705	\$3,852	3	1.3%	2
Washington County	\$1,444	\$700	\$950	\$3,095	\$1,547	21	0.8%	18
Wicomico County	\$1,019	\$0	\$726	\$1,745	\$872	22	0.6%	23
Worcester County	\$1,660	\$1,007	\$1,257	\$3,923	\$1,962	16	0.8%	19

Recordation & Transfer Tax Burdens by County: Scenario 3

Scenario 3: Assumptions

FTHB?	Yes
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.25%
Sale Price	\$293,930
Tax Payment—Buyer/Seller Split	County R/T Taxes: 50/50 split unless otherwise noted
	State Transfer Taxes: 100 seller/0 buyer

*FTHB: First time home buyer

Scenario 3: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	Rank	Buyer Portion				Seller Portion			
			County Record.	County Transfer	State Transfer	Total R/T Taxes	County Record.	County Transfer	State Transfer	Total R/T Taxes
Allegany County	\$4,012	18	\$1,029	\$610	\$0	\$1,639	\$1,029	\$610	\$735	\$2,374
Anne Arundel County	\$5,732	5	\$1,029	\$1,470	\$0	\$2,499	\$1,029	\$1,470	\$735	\$3,233
Baltimore City	\$7,864	1	\$1,360	\$2,204	\$0	\$3,564	\$1,360	\$2,204	\$735	\$4,299
Baltimore County	\$6,284	4	\$735	\$2,039	\$0	\$2,774	\$735	\$2,039	\$735	\$3,509
Calvert County	\$3,675	20	\$1,470	\$0	\$0	\$1,470	\$1,470	\$0	\$735	\$2,205
Caroline County	\$4,769	13	\$1,470	\$547	\$0	\$2,017	\$1,470	\$547	\$735	\$2,752
Carroll County	\$3,675	20	\$1,470	\$0	\$0	\$1,470	\$1,470	\$0	\$735	\$2,205
Cecil County	\$3,146	22	\$1,205	\$0	\$0	\$1,205	\$1,205	\$0	\$735	\$1,940
Charles County	\$5,144	11	\$1,470	\$735	\$0	\$2,205	\$1,470	\$735	\$735	\$2,940
Dorchester County	\$5,654	7	\$1,470	\$990	\$0	\$2,460	\$1,470	\$990	\$735	\$3,195
Frederick County	\$4,263	15	\$1,764	\$0	\$0	\$1,764	\$1,764	\$0	\$735	\$2,499
Garrett County	\$5,232	10	\$1,029	\$1,220	\$0	\$2,249	\$1,029	\$1,220	\$735	\$2,983
Harford County	\$5,315	9	\$970	\$1,320	\$0	\$2,290	\$970	\$1,320	\$735	\$3,025
Howard County	\$5,144	11	\$735	\$1,470	\$0	\$2,205	\$735	\$1,470	\$735	\$2,939
Kent County	\$4,145	17	\$970	\$735	\$0	\$1,705	\$970	\$735	\$735	\$2,440
Montgomery County	\$5,401	8	\$863	\$1,470	\$0	\$2,333	\$863	\$1,470	\$735	\$3,068
Prince George's County	\$6,467	3	\$809	\$2,058	\$0	\$2,866	\$809	\$2,058	\$735	\$3,601
Queen Anne's County	\$4,380	14	\$1,455	\$367	\$0	\$1,823	\$1,455	\$367	\$735	\$2,558
Somerset County	\$2,675	24	\$970	\$0	\$0	\$970	\$970	\$0	\$735	\$1,705
St. Mary's County	\$5,726	6	\$1,176	\$1,320	\$0	\$2,496	\$1,176	\$1,320	\$735	\$3,230
Talbot County	\$6,702	2	\$1,764	\$1,220	\$0	\$2,984	\$1,764	\$1,220	\$735	\$3,718
Washington County	\$4,189	16	\$1,117	\$610	\$0	\$1,727	\$1,117	\$610	\$735	\$2,462
Wicomico County	\$2,793	23	\$1,029	\$0	\$0	\$1,029	\$1,029	\$0	\$735	\$1,764
Worcester County	\$3,895	19	\$970	\$610	\$0	\$1,580	\$970	\$610	\$735	\$2,315

Recordation & Transfer Tax Burdens by County: Scenario 4

Scenario 4: Assumptions

FTHB?	Yes
Primary home/owner occupied?	Yes
State Transfer Tax Rate	0.25%
Sale Price	Varies by County
Tax Payment—Buyer/Seller Split	County R/T Taxes: 50/50 split unless otherwise noted State Transfer Taxes: 100 seller/0 buyer

*FTHB: First time home buyer

Scenario 4: Recordation & Transfer Taxes Owed

County	Total R/T Taxes	Rank	Buyer Portion				Seller Portion			
			County Record.	County Transfer	State Transfer	Total R/T Taxes	County Record.	County Transfer	State Transfer	Total R/T Taxes
Allegany County	\$1,068	24	\$319	\$102	\$0	\$421	\$319	\$102	\$227	\$648
Anne Arundel County	\$6,598	4	\$1,185	\$1,691	\$0	\$2,876	\$1,185	\$1,691	\$846	\$3,722
Baltimore City	\$3,290	16	\$588	\$883	\$0	\$1,470	\$588	\$883	\$349	\$1,820
Baltimore County	\$5,035	8	\$596	\$1,623	\$0	\$2,219	\$596	\$1,623	\$596	\$2,816
Calvert County	\$3,981	13	\$1,593	\$0	\$0	\$1,593	\$1,593	\$0	\$796	\$2,389
Caroline County	\$2,802	19	\$908	\$266	\$0	\$1,174	\$908	\$266	\$454	\$1,628
Carroll County	\$3,956	14	\$1,583	\$0	\$0	\$1,583	\$1,583	\$0	\$791	\$2,374
Cecil County	\$2,412	21	\$925	\$0	\$0	\$925	\$925	\$0	\$563	\$1,488
Charles County	\$5,170	7	\$1,478	\$738	\$0	\$2,216	\$1,478	\$738	\$738	\$2,954
Dorchester County	\$3,167	17	\$848	\$524	\$0	\$1,371	\$848	\$524	\$424	\$1,796
Frederick County	\$4,517	10	\$1,869	\$0	\$0	\$1,869	\$1,869	\$0	\$779	\$2,648
Garrett County	\$4,279	12	\$858	\$976	\$0	\$1,833	\$858	\$976	\$613	\$2,446
Harford County	\$4,420	11	\$815	\$1,086	\$0	\$1,901	\$815	\$1,086	\$618	\$2,519
Howard County	\$7,115	2	\$1,016	\$2,033	\$0	\$3,049	\$1,016	\$2,033	\$1,017	\$4,066
Kent County	\$3,158	18	\$739	\$560	\$0	\$1,299	\$739	\$560	\$560	\$1,859
Montgomery County	\$8,494	1	\$1,506	\$2,193	\$0	\$3,699	\$1,506	\$2,193	\$1,096	\$4,795
Prince George's County	\$6,294	5	\$787	\$2,003	\$0	\$2,789	\$787	\$2,003	\$715	\$3,504
Queen Anne's County	\$4,969	9	\$1,651	\$417	\$0	\$2,068	\$1,651	\$417	\$834	\$2,901
Somerset County	\$1,073	23	\$389	\$0	\$0	\$389	\$389	\$0	\$295	\$684
St. Mary's County	\$5,396	6	\$1,112	\$1,239	\$0	\$2,351	\$1,112	\$1,239	\$694	\$3,045
Talbot County	\$6,945	3	\$1,824	\$1,269	\$0	\$3,093	\$1,824	\$1,269	\$759	\$3,852
Washington County	\$2,620	20	\$722	\$350	\$0	\$1,072	\$722	\$350	\$475	\$1,547
Wicomico County	\$1,382	22	\$509	\$0	\$0	\$509	\$509	\$0	\$363	\$872
Worcester County	\$3,295	15	\$830	\$503	\$0	\$1,333	\$830	\$503	\$628	\$1,962

Real Estate Transaction Taxes: County-by-County Comparison (4/27)

County	County Transfer Tax Rate (%)	County Recordation Tax rate (%)	State Transfer Tax Rate (%)	Total Transaction Tax Rate (%)	Median Home Price (Feb 2020)	Taxes on a Median Sale (\$)
Howard County (Proposed)	1.50%	0.65%	0.50%	2.65%	\$430,000	\$11,395
Montgomery County	1.00%	0.89%	0.50%	2.39%	\$436,000	\$10,420
Howard County (Current)	1.00%	0.50%	0.50%	2.00%	\$430,000	\$8,600
Anne Arundel County	1.00%	0.70%	0.50%	2.20%	\$352,500	\$7,755
Talbot County	1.00%	1.20%	0.50%	2.70%	\$287,000	\$7,749
Prince George's County	1.40%	0.55%	0.50%	2.45%	\$312,000	\$7,644
St. Mary's County	1.00%	0.80%	0.50%	2.30%	\$300,000	\$6,900
Charles County	0.50%	1.00%	0.50%	2.00%	\$320,000	\$6,400
Baltimore County	1.50%	0.50%	0.50%	2.50%	\$250,000	\$6,250
Frederick County	0.00%	1.40%	0.50%	1.90%	\$307,000	\$5,833
Queen Anne's County	0.50%	0.99%	0.50%	1.99%	\$292,000	\$5,811
Garrett County	1.00%	0.70%	0.50%	2.20%	\$255,000	\$5,610
Harford County	1.00%	0.66%	0.50%	2.16%	\$250,500	\$5,411
Calvert County	0.00%	1.00%	0.50%	1.50%	\$356,975	\$5,354
Carroll County	0.00%	1.00%	0.50%	1.50%	\$340,375	\$5,106
Baltimore City	1.50%	1.00%	0.50%	3.00%	\$140,000	\$4,200
Cecil County	0.50%	0.82%	0.50%	1.82%	\$216,000	\$3,931
Worcester County	0.50%	0.66%	0.50%	1.66%	\$234,000	\$3,884
Dorchester County	0.75%	1.00%	0.50%	2.25%	\$171,950	\$3,869
Washington County	0.50%	0.76%	0.50%	1.76%	\$206,000	\$3,625
Kent County	0.50%	0.66%	0.50%	1.66%	\$195,000	\$3,237
Caroline County	0.50%	1.00%	0.50%	2.00%	\$149,000	\$2,980
Wicomico County	0.00%	0.70%	0.50%	1.20%	\$179,395	\$2,153
Allegany County	0.50%	0.70%	0.50%	1.70%	\$105,450	\$1,792
Somerset County	0.00%	0.66%	0.50%	1.16%	\$150,200	\$1,742

Source: 1. Maryland Association of Counties, "Budgets, Tax Rates, & Selected Statistics-Fiscal Year 2019"; 2. Individual county websites and county codes/law; .3. Maryland REALTORS® Monthly Housing Statistics, February 2020.

* Howard County proposed recordation charge based upon 0.4% for first \$250,000 of value and 1.0% on remaining \$230,000 in value

** Montgomery County charges 2.85% on properties over \$500,000

*** Baltimore City charges 3.75% on properties over \$1,000,000



Sayers, Margery

From: Paul H <myoldsmoky@yahoo.com>
Sent: Thursday, May 14, 2020 4:18 PM
To: CouncilMail
Subject: Please vote NO to higher taxes

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Dear county council members,

I just learned that besides recordation tax increase bill, there are a few more proposals that intend to increase tax rates for Howard county residents. I'm surprised that the thoughts of increasing taxes during the pandemic crisis and this is definitely not something with our tax payers in mind. I urge you to vote NO on this bills, especially CR81-2020, CR85-2020, CR85-2020. This will put more burdens on the citizens of Howard county and place our county in a disadvantage position in the region. Thank you very much.

Paul Huang

4905 Alice Ave
Ellicott City, MD 21043

Sayers, Margery

From: mike.sutter@orange.com
Sent: Thursday, May 14, 2020 2:23 PM
To: CouncilMail
Subject: CALL TO ACTION: Recordation Tax Legislation

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Hello,

Emailing to share my strong disapproval of this legislation. It will decrease the attractiveness of moving to and living in Howard County. Surely \$21M can be found elsewhere in a \$1.8B budget?

Having been HoCo resident for nearly 30 years, and working in Loudoun Co for much of that time...I can tell you HoCo is a far more desirable place to live and work, but there our outer limits to the associated costs.

I would ask you to vote 'no' on these resolutions.

Thanks,

Mike Sutter
Dorsey Hall / Ellicott City resident
410.730..410

CALL TO ACTION: Recordation Tax Legislation

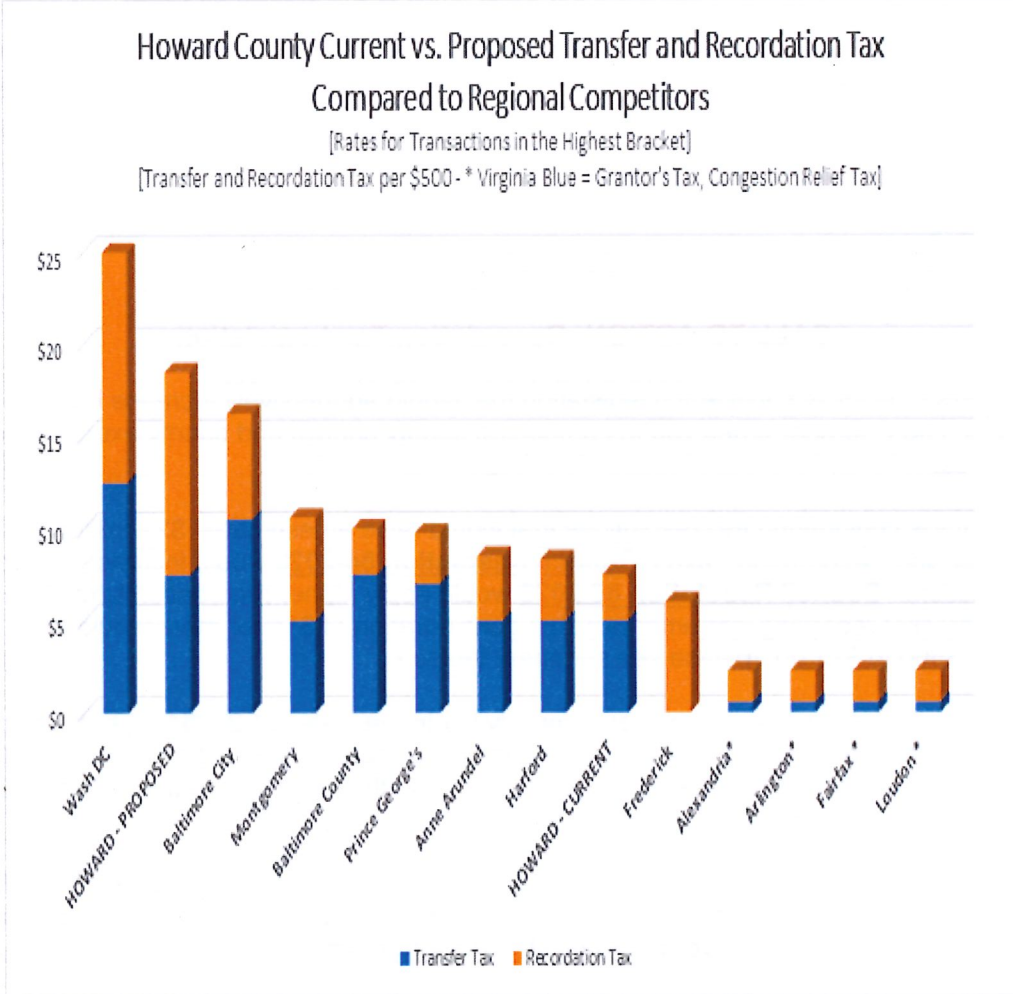
The Howard County Council is considering legislation that would aggressively increase both the transfer and recordation taxes. The Chamber urges you to contact the county council and county executive to oppose these tax increases.

The County Council is considering two resolutions that would raise an estimated \$21 million per year from additional Transfer and Recordation Taxes. **Council Resolution 84-2020** would increase the transfer tax by .5% for all transactions. **Council Resolution 85-2020** would apply higher recordation taxes based on value. In the top bracket recording instruments with a consideration of \$1m or more would jump from the current \$2.50 per \$500 to \$11.00. [please see summary tables.]

Howard County already has the second highest property tax in the state [\$1.25 /\$100] behind only Baltimore City [\$2.36 /\$100] The proposed Recordation and Transfer Tax increases would make Howard County's transactional taxes and combined real estate tax burden among the highest in region. Ultimately, the tax increases affect Howard County's ability to compete.

The Chamber understands the County's current fiscal dilemma. However, legislation like this will impact the county's ability to compete, delay recovery, and not be a sustainable solution to current fiscal constraints. Council members may be emailed at **Councilmail@howardcountymd.gov**.

Current vs. Proposed	Current	Proposed			
		\$0 to \$250,000	\$250,001- \$500,000	\$500,001- \$1,000,000	\$1,000,001 and above
Transfer Tax (County)	1%	1.5%	1.5%	1.5%	1.5%
Recordation Tax (per \$500)	\$2.50	\$2.00	\$5.00	\$8.00	\$11.00



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Sayers, Margery

From: no-reply@howardcountymd.gov
Sent: Monday, May 18, 2020 1:47 PM
To: cassidychesnut@hotmail.com
Subject: Council - CR 84 & CR 85

First Name: James

Last Name: Chesnut

Email: cassidychesnut@hotmail.com

Street Address: 5443 Watercress Place

City: Columbia

Subject: CR 84 & CR 85

Message: Please Council Members--Do not support the new tax laws CR 84 & CR 85. Having lived in Columbia since I was 4, moving into Wilde Lake in 1967, I grew up knowing Columbia is a great place to live. It is also a very expensive place to live. Please, I strongly encourage all of you, do not pass rules that will make it even MORE expensive to buy and sell homes in Columbia. Kindly, I implore you all, leave well enough alone. Columbia does not need additional living expenses. Sincerely, James Cassidy Chesnut