

County Council of Howard County, Maryland

2020 Legislative Session

Legislative Day No. 6

Resolution No. 85-2020

Introduced by: Christiana Rigby
Co-sponsored by: Opel Jones

A RESOLUTION establishing recordation tax rates on instruments of writing that are recorded with the Clerk of the Circuit Court.

Introduced and read first time May 4, 2020.

By order Diane Schwartz Jones
Diane Schwartz Jones, Administrator

Read for a second time at a public hearing on May 18, 2020.

By order Diane Schwartz Jones
Diane Schwartz Jones, Administrator

This Resolution was read the third time and was Adopted __, Adopted with amendments __, Failed , Withdrawn __, by the County Council on May 27, 2020.

Certified By Diane Schwartz Jones
Diane Schwartz Jones, Administrator

Approved by the County Executive on _____, 2020

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **WHEREAS**, Section 12-103 of the Tax-Property Article of the Annotated Code of
2 Maryland provides for setting recordation tax rates for instruments of writing recorded with the
3 clerk of the circuit court for the County.

4
5 **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Howard
6 County, Maryland this 27th day of May, 2020 that the recordation tax rate is calculated
7 based on the consideration payable or the principal amount of the debt secured for an instrument
8 of writing as follows:

9

| <u>Consideration or Debt</u> | <u>Rate for each \$ 500 or fraction of \$ 500</u> |
|-------------------------------|---|
| \$0 to \$250,000..... | \$ 2 |
| \$250,001 to \$500,000..... | \$ 5 |
| \$500,001 to \$1,000,000..... | \$ 8 |
| \$1,000,001 and above..... | \$11 |

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17 **BE IT FURTHER RESOLVED** that the recordation tax rate shall be effective July 1,
18 2020 and shall continue in effect until changed or repealed by subsequent resolution of the County
19 Council.

MEMORANDUM

May 17, 2020

MEMO TO: Council Members
 THRU: Craig Glendenning, County Auditor
 FROM: Owen Clark, Legislative Audit Manager
 SUBJECT: Fiscal Analysis – Recordation Tax Rate Change (CR85-2020)

The purpose of this legislation is to increase the current recordation tax from \$2.50 per \$500 of consideration to a tiered rate based on the amount of consideration. For the proposed FY2021 budget, the Budget Office used an estimated rate of \$6 per \$500 of consideration.

Department of Finance provided details of all the FY 2019 recordation tax payments. From this data the Auditor’s Office determined the following:

- Confirmed the Administration’s calculation of \$35.9 million in recordation revenue using \$6 per \$500 of consideration; and
- Determined the Administration’s estimate of FY 2021 revenues were \$1.9 million (5%) higher than our estimate using the resolution’s rate schedule.

**FY 2021 Estimated Recordation Tax
 Based Upon FY2019 Actual Recordation Tax Collected**

| Document Type | Actual Finance FY2019 | Audit Estimates | |
|----------------------|-----------------------------|-----------------------------------|--------------------------|
| | | \$6 / \$500 Executive Proposed | Proposed by CR85-2020 |
| Deeds | \$ 9,278,123 | \$ 22,265,345 | \$ 19,556,910 |
| Deed Simple | 6,990,255 | 16,758,043 | 14,080,773 |
| Deeds of Trust | 4,029,798 | 9,667,342 | 12,432,821 |
| Mortgage – Refinance | 606,283 | 1,451,825 | 1,585,960 |
| Other | 211,208 | 498,112 | 320,995 |
| Grand Total | \$ 21,115,665 | \$ 50,640,668 | \$ 47,977,459 |

| FY 2021 Revenue Assumption: | | | |
|-----------------------------|---------------|---------------|---------------|
| FY19 less 3.5 Months | \$ 14,956,930 | \$ 35,870,473 | \$ 33,984,033 |

Excess of Administration’s \$6/\$500 assumption over CR85-2020 rates: \$ 1,886,440

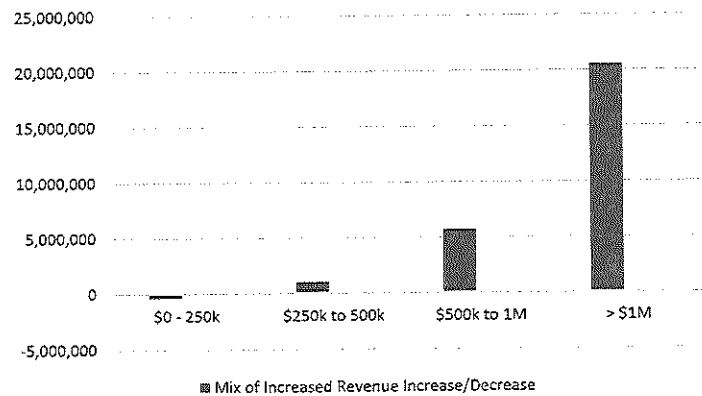
CR85-2020 Revenues Breakdown by Real Estate Transaction Bracket

| Mix Comp (Audit Volume & Consideration Totals) | | | | Revenues | | | | |
|--|---------------|-------------|----------------------|-------------|-------------------|-------------|---------------------------|-------------|
| Tiers | Volume | Mix | Consideration | Mix | Current Rate | Mix | Proposed Progressive Rate | Mix |
| \$0 - 250k | 5,366 | 50% | 403,643,170 | 10% | 2,032,138 | 10% | 1,614,573 | 3% |
| \$250k to 500k | 3,055 | 29% | 1,125,300,214 | 27% | 5,627,143 | 27% | 6,670,502 | 14% |
| \$500k to 1M | 1,913 | 16% | 1,301,014,310 | 31% | 6,505,735 | 31% | 12,207,729 | 25% |
| > \$1M | 295 | 3% | 1,390,097,948 | 33% | 6,950,650 | 33% | 27,484,655 | 57% |
| Total | 10,629 | 100% | 4,220,055,643 | 100% | 21,115,665 | 100% | 47,977,459 | 100% |

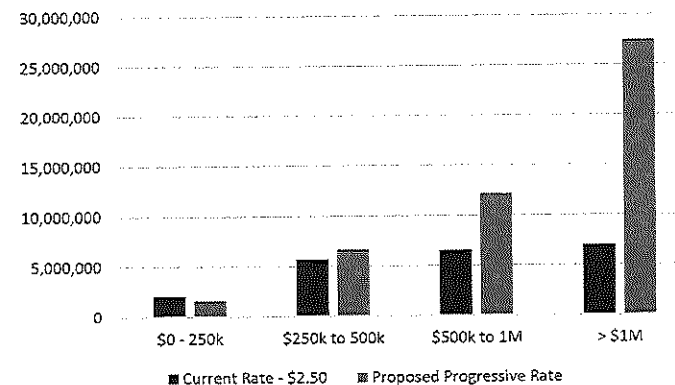
| Mix of Increased Revenue | | |
|--------------------------|-------------------|-----------------|
| Tiers | Increase/Decrease | Mix of Increase |
| \$0 - 250k | -417,565 | -1.55% |
| \$250k to 500k | 1,043,359 | 3.88% |
| \$500k to 1M | 5,701,994 | 21.23% |
| > \$1M | 20,534,005 | 76.44% |
| Total | 26,861,794 | 100% |

| Revenues Comparison | | |
|---------------------|-----------------------|---------------------------|
| Tiers | Current Rate - \$2.50 | Proposed Progressive Rate |
| \$0 - 250k | 2,032,138 | 1,614,573 |
| \$250k to 500k | 5,627,143 | 6,670,502 |
| \$500k to 1M | 6,505,735 | 12,207,729 |
| > \$1M | 6,950,650 | 27,484,655 |
| Total | 21,115,665 | 47,977,459 |

Mix of Revenue Increase/Decrease



Revenue Comparison: Current vs. Proposed



CR85-2020 Recordation Proposal

**Howard County Council
May 18, 2020 - Work Session**

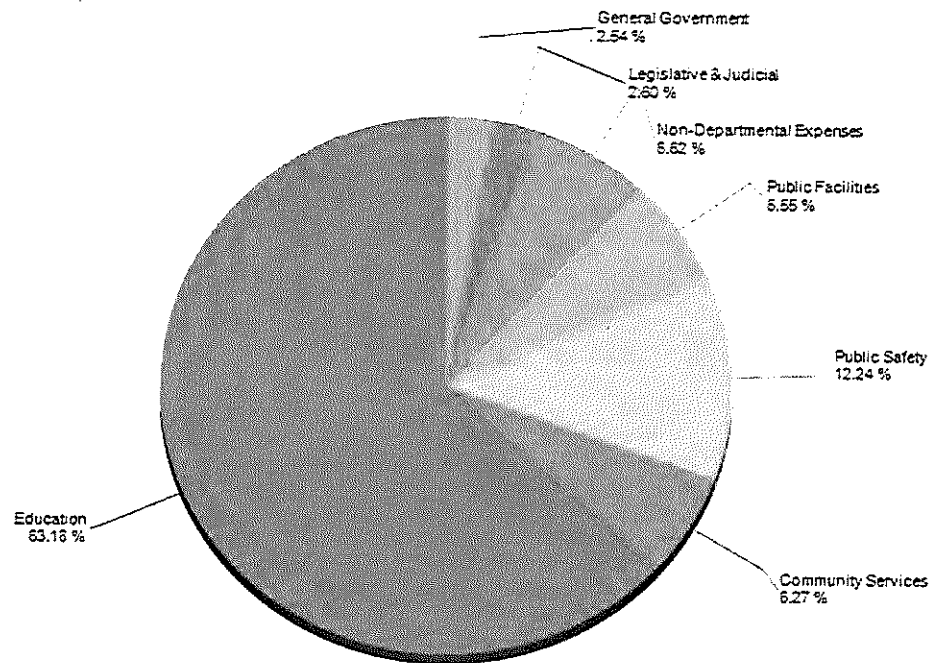
What is the Problem?

Howard County is facing increased demands for service and increased costs of delivering services:

- Education (HCPSS, HCC, HCLS)
- Public Safety (Police, Sheriff, State's Attorney, etc.)
- Health Department
- Community Services

The only way to meet these needs is to increase funding to the General Fund on an ongoing basis.

**Howard County
General Fund Expenditures**
How the Budget is Spent



FY21 Budget

- Howard County needs to pass a balanced budget.
- County revenues are down at least \$35 million in FY20 and are expecting significant decreases in income tax, hotel/motel tax, and recordation tax in FY21.
- Goal: Filling a \$20 -- 21 million dollar gap in the FY21 budget
 - Need a plan to balance the budget
 - Our proposal: restructuring Howard County's recordation tax progressively

Why Updating the Recordation Rate is Our Solution

- Create recurring funding stream in the General Fund to support education, public safety, community services, and other essential services.
- Avoid raising property taxes, which would impact every property owner annually.
- Roughly 1.5% of county residents bought property in 2019.
- Recordation tax on real estate transactions:
 - Paid per transaction, not an annual tax
 - Recordation rate has not been increased since 1992 (when it was increased from \$2.20 to \$2.50)
 - Currently the lowest rate in the state
 - Closing costs are typically split between the buyer and seller
- Provide for structural change in the education budget in future years.



Maryland Counties Fiscal 2020 Budgets-in-Brief

| County | Fiscal year 2020 General Fund Operating Budget (in millions) | Percent change from 2019 budget | Changes to county's real property tax rates | Changes to the county's income tax rate, or other county tax rates | Steps or raises for county employees | Cost of living allowances (COLA) for county employees | K-12 operating funding provided in addition to required funding |
|------------------|--|---------------------------------|---|--|---------------------------------------|---|---|
| ALLEGANY | \$91.8 | ↑ 1.6% | | | | 2% | |
| ANNE ARUNDEL | \$1,696.1 | ↑ 6.7% | +\$0.033 | +0.31% income | 3% merit | 2% ⁱ | \$41.7 million |
| BALTIMORE CITY | \$1,917.3 | ↑ 3.2% | | +transfer/recordation tax surcharges ^h | labor-negotiated raises ⁱⁱ | 2% | \$3.28 million ^{iv} |
| BALTIMORE COUNTY | \$2,153.7 | ↑ 4.84% | | +0.37% income +1.5% hotel/motel +8% new cell phone +1% new PEG fee -7%/\$20 rent repeal mobile homes | | 2% ^v | \$33.9 million |
| CALVERT | \$312.9 | ↑ 5.2% | | | 2% step ^{vi} | 2.05% | \$3.89 million |
| CAROLINE | \$53.8 | ↑ 9.6% | | | 3% or \$ 2,000 ^{vii} | | \$400,000 |
| CARROLL | \$418.8 | ↑ 1.8% | | | 1% increment | 2% | \$5.72 million |
| CECIL | \$202.8 | ↑ 3.8% | | | 2.3% step ^{viii} | 1% ^{ix} | \$3.00 million |
| CHARLES | \$425.1 | ↑ 5.10% | | | merit increases ^x | 1% | \$8.0 million |
| DORCHESTER | \$56.1 | ↑ 2.53% | | +0.58% income | 2.5% ^{xi} | | \$500,000 |
| FREDERICK | \$637.7 | ↑ 4.78% | | | 3.5% merit ^{xii} | | \$7.6 million |
| GARRETT | \$78.5 | ↑ 2.37% | +\$0.0661 | +2% hotel/motel ^{xiii} | - | 2% | |
| HARFORD | \$595.4 | ↑ 4.15% | | | \$2,000 merit ^{xiv} | | \$10.7 million |
| HOWARD | \$1,163.2 | ↑ 2.0% | | +\$0.06 fire/rescue tax -mobile home tax repeal | Steps | 2% ^{xv} | \$7.4 million |
| KENT | \$50.8 | ↑ 2.9% | | +0.35% income | 2% average | 1% | \$1.10 million |
| MONTGOMERY | \$2,999.0 ^{xvi} | ↑ 2.2% | -\$0.0028 ^{xvii} | | service increments ^{xviii} | general wage adjustments | \$8.6 million |
| PRINCE GEORGE'S | \$2,325.8 | ↑ 3% | | | 3.5% merit ^{xix} | 2% general wage adjustments | \$18.8 million |
| QUEEN ANNE'S | \$144.4 | ↑ 4.47% | | | 3% merit | 1% | \$1.48 million |
| ST. MARY'S | \$253.1 | ↑ 10% | | +0.17% income | 2.5% merit ^{xx} | 1% | \$3.09 million |
| SOMERSET | \$36.5 | ↑ 6.46% | | | 2.5% steps | - | |
| TALBOT | \$92.4 | ↑ 0.314% | +\$0.0311 | | step increases ^{xxi} | 1% | \$1.31 million |
| WASHINGTON | \$233.8 | ↑ 1.80% | | +0.4% income | 2.5% step ^{xxii} | | \$24,199 |
| WICOMICO | \$148.4 | ↓ 1.7% | -\$0.008 ^{xxiii} | | 2% ^{xxiv} | | \$938,000 |
| WORCESTER | \$201.3 | ↑ 5.9% | +\$0.01 | +0.5% income | 2.5% step ^{xxv} | 2% | \$2.5 million |



Maryland Counties Fiscal 2020 Budgets-in-Brief

| County | Fiscal year 2020 General Fund Operating Budget (in millions) | Percent change from 2019 budget | Changes to county's real property tax rates | Changes to the county's income tax rate, or other county tax rates | Steps or raises for county employees | Cost of living allowances (COLA) for county employees | K-12 operating funding provided in addition to required funding |
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| BALTIMORE COUNTY | \$2,153.7 | ↑ 4.84% | | +0.37% income +1.5% hotel/motel +8% new cell phone +1% new PEG fee -7%/\$20 rent repeal mobile homes | | 2% ^v | \$33.9 million |

ii Baltimore City added a 40% surcharge on the total amount of transfer tax collected and a 15% on the total amount of recordation tax collected for values higher than \$1M.

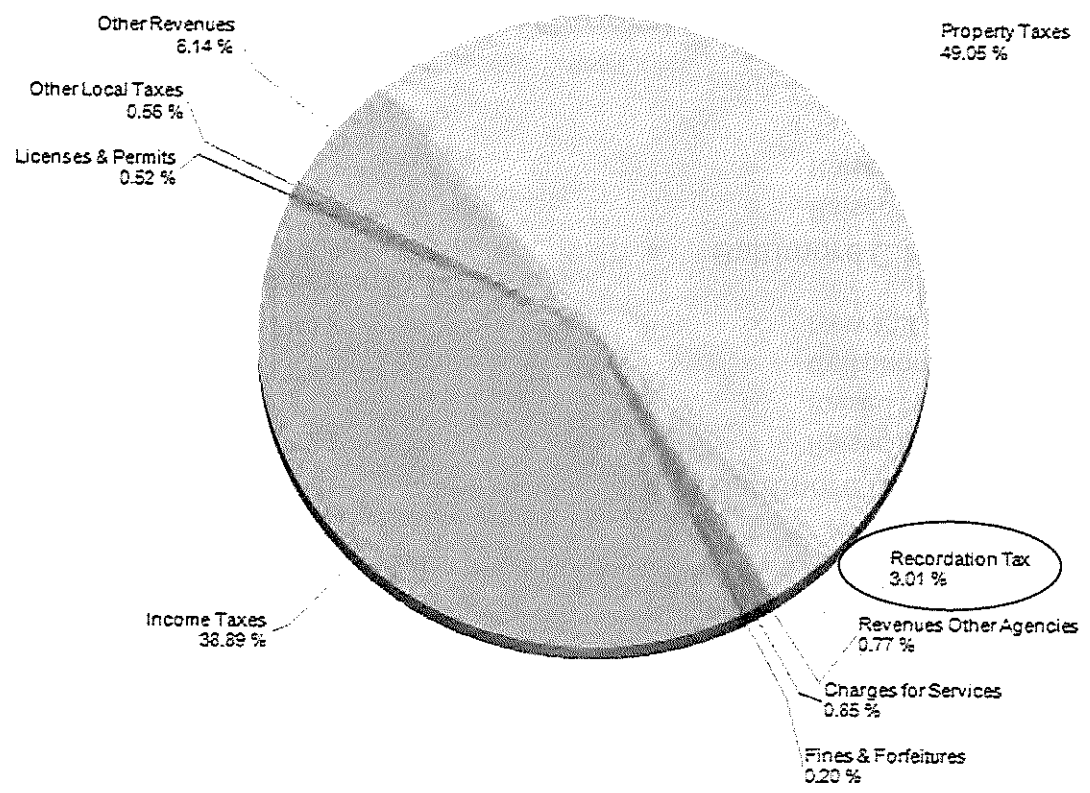
Statewide Context

- Frederick County
 - Raised recordation tax in FY21
- Montgomery County
 - Raised recordation tax in FY19
 - Proposed property tax increase in FY21
- Anne Arundel County
 - Raised property tax in FY20
 - Raised income tax in FY20
- Baltimore County
 - Raised income tax in FY20
 - Raised hotel/motel tax in FY20
 - Cell phone tax in FY20
 - New PEG fee in FY20
- Baltimore City
 - Raised transfer tax in FY20
 - Raised recordation tax in FY20

Neighboring jurisdictions have increased their General Fund over the last few years through income taxes, property taxes, and recordation taxes.

Howard County has not raised additional revenue for its General Fund in a decade.

**Howard County
General Fund Revenue**
How the Budget is Funded



Recordation Tax - Progressive Structure

| Brackets | Recordation Rate | Effective Recordation Rate |
|--------------------------|--------------------|----------------------------|
| \$0 - \$250,000 | \$2 on each \$500 | \$2.00 |
| \$250,001 to \$500,000 | \$5 on each \$500 | \$2.00 - \$3.50 |
| \$500,001 to \$1,000,000 | \$8 on each \$500 | \$3.50 - \$5.75 |
| \$1,000,001 and above | \$11 on each \$500 | \$5.75 - \$11.00 |

← Tax cut from current rate; lowest rate in the state

← Rate for median sale remains one of the lowest in MD (6 jurisdictions)

← In-line w/ the majority of MD counties (15 jurisdictions)

← Highest rate in the state for million-dollar properties & land development transactions (2 jurisdictions)

Recordation Tax - Progressive Structure

- Progressive structures have been implemented successfully on real estate transactions in at least 6 states and in many local jurisdictions.
- In Maryland, Montgomery County and Baltimore City have implemented progressive structures for their recordation tax rates in recent years.
- Asking those in the top income brackets to chip in more to sustain and expand the services that all Howard County residents need.
- Our current recordation rate is a flat, regressive tax rate. Individuals in lower tax brackets are contributing a higher percentage of their wealth & income under a flat tax.
- This structure reduces the tax burden on the lowest bracket and asks those at the top to pay a little more.

2019 Snapshot of Real Estate Transactions

- Roughly 5,000 residential units were sold in 2019
 - 10% were in the \$0 - \$250,000 range
 - 52% were in the \$250,001 - \$500,000 range
 - 34% were in the \$500,001 - \$1,000,000 range
 - 4% were in the \$1,000,001+ range
- 20% of residential sales were for \$300,000 or less and would pay a lower effective rate
- Roughly 130 commercial properties were sold in 2019
 - 13% were in the \$0 - \$250,000 range
 - 18% were in the \$250,001 - \$500,000 range
 - 20% were in the \$500,001 - \$1,000,000 range
 - 49% were in the \$1,000,001+ range

Revenue Estimates

Original Revenue Estimate based on CY2019 data for residential and commercial sales.

- Initial estimate showed \$21 million in additional revenue, after accounting for a 3-4 month loss.
- This estimate was used for the FY21 budget projections.

Revised Revenue Estimate for FY19 from the Auditor's office:

- Revised estimate shows \$26.9 million in increased revenue over FY19.
- Assuming 3.5 months of revenue loss leaves an **increase of \$19 million** in the FY21 budget.

FY 2021 Estimated Recordation Tax
Based Upon FY2019 Actual Recordation Tax Collected

| | Actual | Audit Estimates | |
|------------------------------------|----------------------|-----------------------------------|--------------------------|
| Document Type | Finance FY2019 | \$6 / \$500 Executive Proposed | Proposed by CR85-2020 |
| Deeds | \$ 9,278,123 | \$ 22,265,345 | \$ 19,556,910 |
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| Mortgage – Refinance | 606,283 | 1,451,825 | 1,585,960 |
| Other | 211,208 | 498,112 | 320,995 |
| Grand Total | \$ 21,115,665 | \$ 50,640,668 | \$ 47,977,459 |
| FY 2021 Revenue Assumption: | | | |
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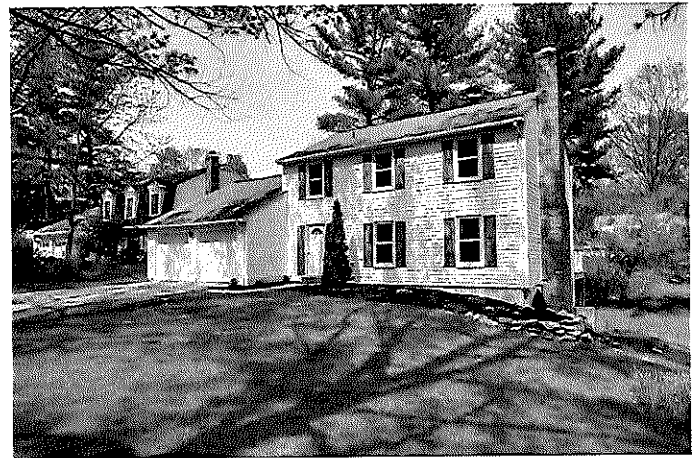
Example 1: Starter Home

- First-time homebuyer is purchasing a \$275,000 townhome in Columbia.
- **Current** recordation tax total: \$1,375
- **Proposed** recordation tax total: \$1,250
- The **effective** recordation tax rate for this sale is \$2.27.



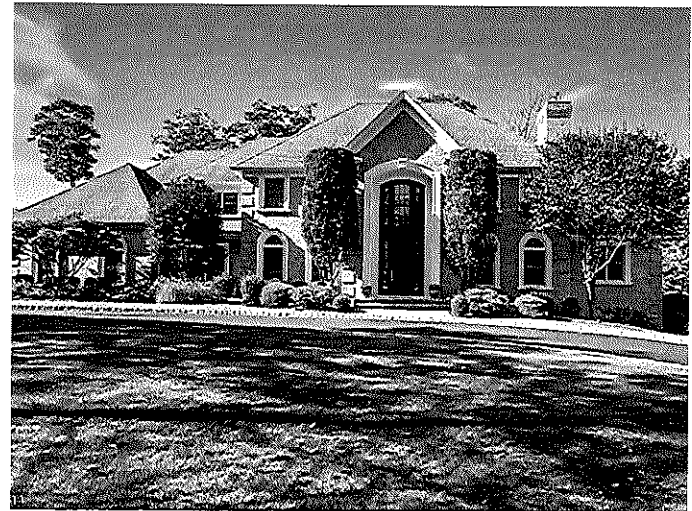
Example 2: Median Home Sale

- The median Howard County homebuyer purchased a \$436,000 home in 2019.
- **Current** recordation tax total: \$2,180
- **Proposed** recordation tax total: \$2,860
- The **effective** recordation tax rate for this sale is \$3.28.



Example 3: Million-dollar Home

- Million-dollar home for \$1,500,000.
- **Current** recordation tax total: \$7,500
- **Proposed** recordation tax total: \$22,500
- The **effective** recordation tax rate for this sale is \$7.50.



Example 4: Home Equity Loan

- Pulling out a home equity loan for \$75,000.
- **Current** recordation tax total: \$375
- **Proposed** recordation tax total: \$300
- The **effective** recordation tax rate for this sale is \$2.00.



Example 5: Small Business

- Small business purchasing property for their business for \$650,000.
- **Current** recordation tax total: \$3,250
- **Proposed** recordation tax total: \$5,900
- The **effective** recordation tax rate for this sale is \$4.54.



Example 6: Large Development Parcel

- Large piece of land sold in 2019 for residential development for \$44,000,000.
- **Current** recordation tax total: \$220,000
- **Proposed** recordation tax total: \$957,000
- The **effective** recordation tax rate for this sale is \$10.88.



Comparison of Examples

| Example | Price | Current Recordation Tax | Proposed Recordation Tax | Effective Rate |
|--------------------------------|--------------|-------------------------|--------------------------|-------------------|
| Starter home | \$275,000 | \$1,375 | \$1,250 | \$2.27 per \$500 |
| 2019 Median Home Sale | \$436,000 | \$2,180 | \$2,860 | \$3.28 per \$500 |
| Million-dollar home | \$1,500,000 | \$7,500 | \$22,500 | \$7.50 per \$500 |
| Home Equity Loan | \$75,000 | \$375 | \$300 | \$2.00 per \$500 |
| Refinancing Existing Principal | -- | \$0 | \$0 | \$0 |
| Small Business Property | \$650,000 | \$3,250 | \$5,900 | \$4.54 per \$500 |
| Large Development Parcel | \$44,000,000 | \$220,000 | \$957,900 | \$10.88 per \$500 |

Takeaways

- Property purchases under \$300k will receive a tax cut. This accounts for roughly 20% of 2019 residential sales in Howard County.
- The majority of additional revenue comes from properties sold above \$1 million.
- Standard home refinancing is **exempt**.
- Home equity loans are more accessible to Howard County residents because of the reduced rate.
- This makes first-time homeownership more accessible, which is a fundamental building block to building intergenerational wealth.
- County services will continue to be supported in FY21, providing important funding for our school system and other essential departments.
- This proposal increases funding to the General Fund on an ongoing basis.



Questions?

CR 84-2020

Sayers, Margery

From: Alan Spiegel <Alan@TheBeaconNewspapers.com>
Sent: Monday, May 18, 2020 8:12 PM
To: CouncilMail
Subject: CR 84 & CR 85

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

Please vote against CR 84 & CR85 as they will add thousands of dollars in additional taxes to my future home sale and purchase of a new home. A Howard County home transaction is charged the 2nd highest amount of taxes in the state & if these bills are passed, Howard County residents will pay more than any other jurisdiction in the state. Please vote NO!
Thank you!



Alan Spiegel
7213 Wolverton Ct.
Clarksville, MD 21029
240-786-7611



11825 West Market Place | Fulton, MD 20759 | 301-776-6242

May 18, 2020

Re: LETTER IN OPPOSITION OF CR 85-2020 – Recordation Tax Increase

Dear Chairwoman Jung and Members of the Howard County Council:

The Howard County Chapter of the Maryland Building Industry Association (MBIA) writes in opposition of Council resolution 85-2020, which increases the county Recordation Tax, which 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.

While we appreciate the sponsors' intent to structure this increase to protect lower-income housing, we believe this increase would actually hurt the availability of housing at lower prices in Howard County. The average sale price of an apartment community in the last five years in the County is \$53,278,000. Under this bill, the new recordation tax amount would increase from \$268,640 to \$1,172,166, an increase of \$903,526. That is unreasonably and prohibitively expensive. Current apartment owners will have a much harder time selling, and a new apartment building owner would likely need to raise the cost of rent to make up the difference. Furthermore, new development is already slowing. With the cost of new construction increasing, and this new challenge to selling upon completion, new and affordable multifamily homes are strongly disincentivized and unlikely to be built in the future.

Furthermore, few Howard County homes fall into the lower bracket of this proposed structure. The median real estate transaction was \$436,565 in 2019. Of the 4921 real estate transactions last year, 10.18% were \$250,000 and below; 34.44% were \$500,00-\$1,000,000; and 3.86% were \$1,000,000 and above. The majority, 51.51%, were in the \$250,000 - \$500,000 range. This new structure would affect half of all real estate transactions. That means our growing "missing middle" will be the most affected and face a \$1,000 tax increase. That cost will go towards the final cost of the home, making home purchasing more challenging for families who are already struggling during a global pandemic.

We understand that the County is facing significant financial challenges. However, this is partially the Council's own doing. The most recent Spending and Affordability Reports warned that the discouragement of new development through APFO, the School Facilities Surcharge increase, and new Forest Conservation requirements would result in a significant deficit and a potential cut to County services. In times like these, when the County needs new revenue, we must stay competitive. Economic development should be encouraged.

For these reasons, we respectfully request the Council vote NO on Council Resolution 85-2020. Thank you for your attention to this issue and your continued support of the local home building industry.

If you have any questions about these comments and would like to discuss MBIA's position further, please do not hesitate to contact me at abailey@marylandbuilders.org or (202) 815-4445.

Best regards,

A handwritten signature in black ink, appearing to read 'Angelica Bailey'.

Angelica Bailey, Esq., Vice President of Government Affairs

Cc: Councilman Opel Jones
Councilmember Christiana Mercer Rigby
Councilman David Yungmann

County Executive Calvin Ball
Sameer Sidh, Chief of Staff to the County Executive
Councilmember Elizabeth Walsh

Bruce A. Harvey
 Testimony 05/18/2020
 Howard County Council
 Resolution No. 85-2020

My name is Bruce Harvey and I live in Fulton, MD, I am also majority owner of Williamsburg Homes headquartered in Howard County. I am testifying against Council Resolution 85-2020.

To propose an increase in Recordation Tax during these extraordinary times is hard to imagine. Businesses are struggling to survive; furloughs and salary decreases are the norm for many Howard County businesses. So, to increase taxes, a portion of which will be used to give County employees a raise goes against the grain. We are better served to cut our costs and look at rainy day funds to get through this crisis.

The recordation increase will make Howard County's total transfer tax rate the highest in the region except for Montgomery County and Baltimore City. At sales prices above \$900,000, we become the highest in the region as documented in the charts below. At some point, these tax increases will have the effect of turning people away from this County, especially those of means, because the cost will just be too high.

The hidden secret in this bill is that the tax applies to Deeds of Trust and Indemnity Deeds of Trust that are recorded against real estate. Most of the charts circulated to support this tax increase have plotted the increased cost for a residential home closing. However, the big money is on these other instruments. For my Company, we borrow money for construction from local lenders who then record an IDOT against the underlying real estate. Our largest lender has an IDOT of \$13,000,000. Today that recordation cost is \$65,000. Under the new legislation that cost is \$275,500, a more than 4 times increase. The bigger issue is that national builders like NVHomes, Ryan Homes, Beazer Homes, and Lennar Homes do not borrow construction money using recorded IDOTS. The national company cost advantages are already evident in national commodity price deals and labor savings due to volume; this just makes Williamsburg Homes even less competitive. As you can see, this is an anti-small business bill.

For the above stated reasons, please vote no on Resolution 85-2020. Thank you for hearing my testimony.

County Total Transfer Tax – Comparison Table \$500,000 Sale

| County | Recordation Tax | County Transfer Tax | State Transfer Tax | Total Transfer Tax |
|--------------------------------------|-----------------|---------------------|--------------------|--------------------|
| Anne Arundel County | 0.70% | 1.00% | 0.50% | 2.20% |
| Baltimore City | 1.00% | 1.50% | 0.50% | 3.00% |
| Baltimore County | 0.50% | 1.50% | 0.50% | 2.50% |
| Carroll | 1.00% | 0.00% | 0.50% | 1.50% |
| Harford | 0.66% | 1.00% | 0.50% | 2.16% |
| Montgomery (using \$500,000 sale) | 1.78% | 1.00% | 0.50% | 3.28% |
| Prince George's | 0.55% | 1.40% | 0.50% | 2.45% |
| Howard (Using \$500,000 Sale) | 0.70% | 1.50% | 0.50% | 2.70% |

County Total Transfer Tax – Comparison Table \$900,000 Sale

| County | Recordation Tax | County Transfer Tax | State Transfer Tax | Total Transfer Tax |
|--------------------------------------|-----------------|---------------------|--------------------|--------------------|
| Anne Arundel County | 0.70% | 1.00% | 0.50% | 2.20% |
| Baltimore City | 1.00% | 1.50% | 0.50% | 3.00% |
| Baltimore County | 0.50% | 1.50% | 0.50% | 2.50% |
| Carroll | 1.00% | 0.00% | 0.50% | 1.50% |
| Harford | 0.66% | 1.00% | 0.50% | 2.16% |
| Montgomery (using \$900,000 sale) | 1.59% | 1.00% | 0.50% | 3.09% |
| Prince George's | 0.55% | 1.40% | 0.50% | 2.45% |
| Howard (Using \$900,000 Sale) | 1.10% | 1.50% | 0.50% | 3.10% |

CR85-2020

Sayers, Margery

From: Phil Kolocotronis <ktronis@gmail.com>
Sent: Wednesday, May 27, 2020 10:25 AM
To: CouncilMail
Subject: CR85-2020 Proposed Recordation Tax Restructure

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

Dear Council:

I would like to lodge my opposition to the proposed restructuring of the County's Recordation Tax. Regardless of rhetoric, this will be an increase in the tax for the average homeowner. Furthermore, it is unlikely that developers will absorb the increased costs. They will simply pass it along to home buyers. This idea is especially bad considering the economic crisis many in our community now face. I urge you to reconsider this proposal.

Respectfully,

Philip Kolocotronis
5327 Chase Lions Way
Columbia MD 21044

Sayers, Margery

From: Jennifer Dwyer <jennifer@progressivemaryland.org>
Sent: Tuesday, May 26, 2020 6:01 PM
To: CouncilMail
Subject: Testimony on CR85-2020
Attachments: CR85-2020 Progressive Maryland Testimony.docx

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

Hello,

Please find attached Progressive Maryland's testimony in support of CR85-2020.

Thank you,

Jennifer Dwyer

--


Director of Development and Policy
Progressive Maryland
774-991-1617



33 University Boulevard East
Silver Spring, MD 20901

www.progressivemaryland.org

 contact@progressivemaryland.org

 facebook.com/progressivemaryland

 [@Progressive_MD](https://twitter.com/Progressive_MD)

CR85-2020

Progressive Recordation Tax Legislation

TO: Councilmember Jung, Chair, and members of the Howard County Council
FROM: Jennifer Dwyer, Director of Policy and Development
DATE: May 26th, 2020
POSITION: Support

Thank you for the opportunity to testify on CR85-2020. Progressive Maryland is a grassroots, nonprofit organization with 9 regional chapters from Western Maryland to the Lower Shore and more than 100,000 members and supporters who live in nearly every legislative district in the state. In addition, there are dozens of affiliated community, faith, and labor organizations across the state that stand behind our work. Our mission is to improve the lives of working families in Maryland. Please note our strong support for this bill.

This legislation replaces Howard County's regressive flat recordation tax with a new progressive tax structure, lowering the rate on property sales below \$300,000 and raising the rate on higher real estate transaction brackets.

Over 76% of the \$20 million in increased revenue from this progressive structure is generated from real estate transactions over \$1 million, many of which are large real estate transactions for commercial properties and residential development parcels. Meanwhile, the recordation tax rate would be lower for the roughly 20% of residential homes that sell for \$300,000 or less, making buying a first home a bit easier for families across Howard County. Only 3% of transactions in 2019 were above \$1 million.

The revenue generated from the recordation tax goes into the General Fund, supporting education, public safety, and healthcare among other essential services. This proposal offers the County Council with an opportunity to avoid the harsh impacts of austerity, which could include reductions in services and decreased investment in the community in a difficult year.

A progressive tax structure helps to ensure that individuals and corporations who are doing well in our county pay their fair share to support the public infrastructure their businesses rely on. We urge you to pass CR85-2020.

Sayers, Margery

From: Daniel Griffis <daniel.griffis@gmail.com>
Sent: Tuesday, May 26, 2020 4:59 PM
To: CouncilMail
Subject: support the recordation tax restructure

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

Hello Council Members!

I'm a new resident of the community. I support the recordation tax restructure and I urge you to strongly consider it vs cutting vital projects and services the community needs.

Thank you for your time.

-Dan Griffis

Sayers, Margery

From: matt pendergast <matt.pendergast@gmail.com>
Sent: Tuesday, May 26, 2020 1:39 PM
To: CouncilMail
Cc: Jung, Deb
Subject: NO to CR84 and CR85

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

All,

Please vote **NO** to CR84 and CR85, and focus on cutting unnecessary spending during this worldwide pandemic. During this time of economic crisis, it is **unfair** to your constituents to raise recodation fees and transfer taxes to fund things which can clearly wait, an example of which is the Cultural Center in Downtown Columbia.

Thanks
Matt Pendergast
District 4 voter

Sayers, Margery

From: Jones, Diane
Sent: Tuesday, May 26, 2020 11:36 AM
To: Sayers, Margery
Subject: FW: Please do not support CR 84 and CR 85

-----Original Message-----

From: Abraham G <gol.abraham@gmail.com>
Sent: Monday, May 18, 2020 6:58 PM
To: Walsh, Elizabeth <ewalsh@howardcountymd.gov>; Rigby, Christiana <crigby@howardcountymd.gov>; Jung, Deb <djung@howardcountymd.gov>; Yungmann, David <dyungmann@howardcountymd.gov>; Jones, Diane <dijones@howardcountymd.gov>; Glendenning, Craig <cglendenning@howardcountymd.gov>; Regner, Robin <rregner@howardcountymd.gov>
Subject: Please do not support CR 84 and CR 85

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

As a Howard county resident, I am highly concerned about the proposed tax increases under CR 84 and CR 85.

My wife and 3 year old daughter moved to Howard county from California in 2017 and love it here. The people are warm and friendly, the nature is beautiful, the schools are second to none, the parks are great, it is safe, to name a few of the reasons. My wife is pregnant with a son who is due in a few days. As our family grows we will likely need to find a larger home, and we would love if it were in Howard county.

When I looked at the details of the CR 84 and CR 85 tax increases, I realized this would add a large tax burden on us when we sell our current house and then again when we purchase our new house. I understand that taxes are important for the county to run effectively, but I am concerned this tax increase encourages people to rent or to leave Howard county, and not set up roots and become long-term members of our community.

Please do not support this tax increase.

Sincerely,

Mohammad Abraham Kazemizadeh Gol

Narges Golgol

Sayers, Margery

From: Eric Goldberg <egoldberg@oxfordra.net>
Sent: Tuesday, May 26, 2020 10:32 AM
To: CouncilMail
Subject: Proposed Transfer and Recordation Tax Increase

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

Council members, I am writing to request that the county council not enact the narrow and disproportionate recordation and transfer tax increases currently being considered. I believe these increases will make the county uncompetitive, delay recovery and are not the solution to Howard County's fiscal problems.

I am a property owner of commercial real estate in many counties in Maryland including Howard County and I believe that these increases are significant enough that if enacted, would significantly impact my investment decisions and cause me to most likely decide to invest in other areas. And I fear my holdings in Howard County would immediately be negatively affected.

I would urge you and your colleagues to fully 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 addresses the priority needs of the community and is fiscally sustainable,*" and completing a fiscal impact analysis of tax changes and other legislation with the potential for sizable impact revenues and expenditures.

I understand that the County revenues have been significantly impacted from the COVID-19 crisis, but I truly believe trying to improve the budget issues on the backs of real estate owners is not the right solution. Our tenants are experiencing significant pain and consequently, we are as well. This tax increase would only serve to further exacerbate our fiscal woes.

Thank you very much for your consideration.

Regards,

Eric Goldberg

301-983-8000 x 24

301-983-0444 (fax)

240-426-1144 (mobile)



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Sayers, Margery

From: Anna Kristine Ferre <akferre@gmail.com>
Sent: Monday, May 25, 2020 8:50 PM
To: Ball, Calvin; CouncilMail
Subject: Legislation on Recordation and Transfer Tax Increase - Testimony

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

Councilmembers and County Executive Ball,

I am writing to you to express my opposition for legislation to increase recordation and transfer taxes for home purchase/sales. Earlier this year, our family made the tough decision to proceed with the sale of our home in hopes that we can move to a neighborhood where we will not have to worry about our polygon being rezoned ever year.

After weeks of searching, crunching numbers, making room in our budget, and heavily weighing our options, we decided to build with NV homes in Maple Lawn South, which will not be build until later this summer/early fall.

Although some may have the notion that people who buy in Maple Lawn or Maple Lawn South are well off and do not need to worry much about tax increases, I want to emphasize that my family and I fall squarely in the middle class and work very hard to ensure that our two kids will have a solid education in a safe neighborhood. We scrounged every penny and likely dipping into our retirement savings so we can be in a home where our kids can walk to school from elementary school through high school and won't need to worry about being rezoned.

The increase in recordation and transfer taxes will not just affect us...it will cripple us. In a new build, it falls solely on the buyer to pay recordation and transfer taxes. The tax increase will be on us to shoulder alone. If we couldn't come up with the extra funds to cover closing costs due to the tax increase, we won't have a home to go back to as ours has already sold. We chose the least expensive house in that neighborhood and even with the lower cost compared to the others, we would be looking at a tax increase from \$9000 to almost \$20,000 (and that's not including state transfer taxes).

I understand that you all have a very tough job to do...balancing the county's budget and deciding where the money will come from. Trust me, I know this is hard. But I hope the answer you come up with is to NOT take more money from hard working county residents like me. Please consider halting unnecessary spending where you can, at least until the Coronavirus impact to businesses and residents as a whole has been well understood. Like most of us, now is the time to cut unnecessary spending.

My husband and I are counting our blessings. We both still have our jobs and our children are safe and healthy. But we are anxious everyday. We worry that our jobs will ultimately be impacted. We worry that my husband will get sick when he goes outside to get our groceries. We worry that we have chosen the worst possible time to move...why couldn't we anticipate a global pandemic? Why couldn't we anticipate this tax increase proposal? Why didn't we know when we first moved to Howard county that we would end up worrying every year about school rezoning?

If we had a crystal ball, we would have made so many different choices...and we can't be the only ones who have these thoughts weighing heavily in our minds.

Please, I urge you all again to reconsider this tax increase. Step away for a minute from your budget spreadsheet and consider the real-life impact to families looking to buy homes in the county.

Thank you

Anna Shin, Howard County Resident

Sayers, Margery

From: Brian Reed <reedb@umbc.edu>
Sent: Monday, May 25, 2020 4:01 PM
To: CouncilMail
Subject: No on increased recording tax

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

LIVE WITHIN YOUR MEANS!!!!

Sayers, Margery

From: sheridan phillips <sheridanphillips@msn.com>
Sent: Monday, May 25, 2020 8:43 AM
To: CouncilMail
Subject: New recordation tax

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

In our current economic crisis, increasing a tax which will further deter people from moving into Howard County - I say further because of the redistricting fiasco - is not a good idea especially when this mostly discourages wealthier people who will bring in more money and pay more property tax.

Sent from my Verizon, Samsung Galaxy smartphone

Sayers, Margery

From: Timothy McCormack <tfmccormack@yahoo.com>
Sent: Monday, May 25, 2020 7:01 AM
To: CouncilMail
Subject: Re: CB 84 and CB 85

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

I write to urge you to vote NO on CB 84 and CB 85. Now is not the time to raise these regressive taxes!

Timothy F. McCormack
7806 Old Litchfield Lane
Ellicott City, MD 21043

Sent from Yahoo Mail for iPhone

Sayers, Margery

From: condonmag <condonmag@yahoo.com>
Sent: Sunday, May 24, 2020 6:47 PM
To: CouncilMail
Subject: VOTE NO ON JONES AND RIGBY

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

An abomination to raise transfer and recording tax on individual tax payer while declining to raise developer fees.

Earlier this month, Councilmembers Opel Jones and Christiana Mercer-Rigby introduced legislation to raise recordation fees. The county executive also introduced legislation to raise transfer taxes.

Meanwhile, the county administration chose not to raise nearly 250 DPZ, DPW and DILP fees, among others, for the 20th year in a row, because it would impact the development community during the economic crisis. Not to mention the Moderate Income Housing Fee-in-Lieu, which is not market based increased by a mere **0.02 cents**. So the economic crisis warrants deferring fee increases on the development community, while the taxpayer is fair game. This is unfair and against accountability.

Sayers, Margery

From: Shenaz Oomrigar-Sabnis <shenazos@verizon.net>
Sent: Sunday, May 24, 2020 10:17 AM
To: CouncilMail
Subject: NO to CR84 & CR85

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

County Council members,

Happy Memorial Day weekend! It is sacrifices that our fellow country men make have made this holiday possible and I want to remind you that YOU ALL work for us people NOT the developers! Time to make sacrifices not sacrifice us at the behest of greedy developers.

You, the county administration have chosen not to raise nearly 250 DPZ, DPW and DILP fees, among others, for the 20th year in a row, because it would impact the development community during the economic crisis. You are not listening to voices of the people who elected you and DO NOT WANT any increase in their taxes.

It is absolutely SHAMEFUL that a time when we should be reigning in budgets and taxes, Council person Rigby & Jones and CE Ball are choosing to add to the burden of the very people they should be helping. At a time when we are all tightening our budgets, proposing increases of taxes of any kind is being tone deaf and completely ignoring how much people will be hurting because of the lockdown and it's consequences! Why not halt building the \$\$\$\$66 million Cultural Center temporarily instead of adding to the burden of people who are already cutting down on their needs rather than wants (the cultural center is a want NOT a need) and learn a thing about budgeting when in crisis!!

NO MORE TAXES OR INCREASES!!! VOTE NO TO CR84 & 85 or prepare to be VOTED OUT!

I normally do not use CAPS for anything but I feel like you are not listening to us and hence the loud CAPS.

I hope you remember the sacrifices that were made as you celebrate Memorial Day this weekend and do the right thing - VOTE NO to increasing transfer taxes and recordation fees.

Regards,

Shenaz Sabnis

Sent from my iPhone

Sayers, Margery

From: Kim Birnbaum <ksmiles@myfastmail.com>
Sent: Saturday, May 23, 2020 12:13 PM
To: CouncilMail
Subject: Recordation tax restructure
Attachments: County Executive and County Council testimony re. Recordation Tax - Google Docs.pdf

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

Attached is my testimony in support of the recordation tax restructure.

J. K. Birnbaum
Elkridge, MD

May 23, 2020

Dear County Council Members,

I am writing to encourage you to support the recordation tax restructure.

We need additional funding more than ever, and this is a way to do that with minimal adverse impact on the community and those that can least afford it. Those that would be affected by this increase are people who are choosing to pay for a high end home, and would be minimally impacted by this tax change. Whereas, not having it has an enormous adverse impact on the middles class and lower income residents of Howard County and the cuts would be disastrous including reductions of badly needed new affordable housing, cuts to our already stressed school system*, delays to school buildings that are long overdue, and will likely result in having to replace the buildings entirely at a greater cost. There are other jurisdictions that tax higher and charge higher fees including to developers. To maintain the high quality of services our County prides itself on--including our school system--we need more money. This is a way to do that with minimal adverse impact on our citizens. A 2% tax on real estate transactions over \$1 million, is an effective way to make sure that land developers and corporations pay their fair share to support our community infrastructure and services including our school system. To them, this is a small increase easily offset by ensuring that the houses they build are in demand. As, their success is intrinsically linked to the success of the County and its attractiveness to home buyers as a desirable place to live. Additionally, the restructure will lower the recordation tax on lower cost homes, which will help first time home buyers, those with home equity loans, and the working class. The loudest voices objecting to this "burden" are the ones who can most afford it. Developers need to pay their fair share.

Development, and our inaccurate way of estimating student enrollment, has resulted in continuous crowding issues, frequent redistricting, and funding that continuously lags actual enrollment. The opportunity, achievement, and discipline gaps are alarmingly wide and special education is in crisis. We desperately need a new high school, and several of our school buildings are in severe disrepair. We cannot hope to make gains in these areas if we do not keep pace with enrollment increase--much less infuse money to make significant improvements. The current school budget **is less than we spent for FY 2020. This budget is likely not in compliance with our legal obligations.**

I understand the the County was hard hit with additional expenses, but cuts, which will be necessary without additional sources of income, including cuts to special education will have a domino effect. Cutting programs, cutting staff, training, or replacing experienced staff with cheaper workers often results in more service costs because of poorer results, more lawsuits, more nonpublic placements, more staff turnover, etc. As hard as it is to swallow, we need to invest in our schools, including special education, as those investments will pay off and result in stabilizing and ultimately lowering costs later. Similarly, further delays to renovations will result in further degradation and increased repair or replacement costs later. Conversely, by "saving" money now we are costing ourselves more money later, and often with poorer student outcomes as a result.

I implore you to make support this recordation tax restructure to better fund our County.

Respectfully,

J. Kim Birnbaum
Elkridge, MD

Sayers, Margery

From: no-reply@howardcountymd.gov
Sent: Friday, May 22, 2020 3:21 PM
To: woldsarah4@gmail.com
Subject: Council - CR 84 and CR 85 Concerns

First Name: Sarah
Last Name: Wold
Email: woldsarah4@gmail.com
Street Address: 7133 Stone Throw Way
City: Elkridge
Subject: CR 84 and CR 85 Concerns

Message: Dear County Council Members and Staff, I am writing to express concerns that, if passed, CR 84 and CR 85 would result in increased local transfer & recordation tax rates on real estate transactions. Please consider the wishes of your constituents and our financial welfare. While Howard County is a county of affluence public servants and teachers like me struggle to afford housing and the high tax rate associated with calling Howard County "home." Please consider us when you make your decisions on CR 84 and CR 85. Respectfully, Sarah Wold

Sayers, Margery

From: Robin Hessey <rmhessey@gmail.com>
Sent: Friday, May 22, 2020 10:54 AM
To: CouncilMail
Subject: In favor of passing CB-84 and CB 85 to raise fees.

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

Honorable Councilmembers,

I am fully in favor of raising the recordation fee and transfer tax, especially since the increases are progressive. I understand these taxes are only levied when you buy or sell a home, so if you don't do that you don't pay it.

I am in support of passing CB-84 and CB-85 to raise these fee/tax rates.

Also, if the NCC project is not funded for FY 21, the Housing Commission's already secured funding package is at significant risk. The consequence of failure to approve capital funding for the NCC is that the \$26.5 million in Low Income Housing Tax Credit (LIHTC) and other State funding—40 percent of the necessary financing—is likely to be withdrawn by the State. Loss of this funding would negate being able to develop this LIHTC project. Failure to proceed or complete a project can result in a loss of points to the developer in future rounds. This would make it extremely difficult for the Commission or Orchard Development to win future LIHTC funding.

Robin Hessey
10768 McGregor Drive
Columbia MD 21044

Sayers, Margery

From: Lisa Schlossnagle <lisabmrss@gmail.com>
Sent: Thursday, May 21, 2020 1:36 PM
To: CouncilMail
Subject: support CB84 and CB85

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

Dear Council,

In previous emails to you, I've shared my support for raising the recordation fee. I also support raising the transfer tax. After seeing the alternatives proposed by Ms. Jung, Ms. Walsh, and Mr. Yungmann, I am even more in support of raising these progressively structured consumption taxes.

Your passage of these bills is the fiscally responsible thing to do. Government austerity in a financial downturn does not accelerate economic recovery, but it does prolong the stress and challenges for most people.

I urge you to pass CB84 and CB85.

All the best,
Lisa Schlossnagle
Fulton, MD (D4)

CL 85-2020

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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Sent by councilpio@howardcountymd.gov in collaboration with



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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
Get the new AOL app: mail.mobile.aol.com

On Monday, April 20, 2020, Howard County Council <councilpio@howardcountymd.gov> wrote:



FOR IMMEDIATE RELEASE

CONTACT:

Felix Facchine, (410) 313-2001
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###

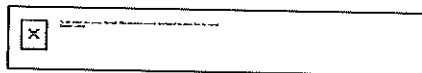
Howard County Council | ph: 410-313-2001 | web: cc.howardcountymd.gov

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

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Sayers, Margery

From: 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:

[x]

FOR IMMEDIATE RELEASE
CONTACT:
Felix Facchine, (410) 313-2001
ffacchine@howardcountymd.gov

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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>.

###

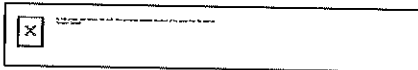
Howard County Council | ph: 410-313-2001 | web: cc.howardcountymd.gov

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

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Sent by councilpio@howardcountymd.gov in collaboration with



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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

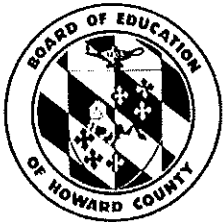
451 Hungerford Drive, Suite 700, Rockville, MD 20850
Tel: 301.795.1416 | Fax: 301.795.1516
MDewey@promarkpartners.com | www.promarkpartners.com

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Howard County

Public School System



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

Board of Education
of Howard County

Mavis Ellis
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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



HOWARD COUNTY
CHAMBER



GOVCONNECTS



YPN

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 <dwight@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: jpfeller@sjpi.com
Subject: Council - Resolution 84-202;85-2020

First Name: Jacqueline

Last Name: Pfeiler

Email: jpfeller@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!

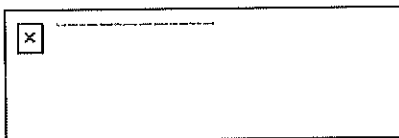
Raising taxes at this time is just plain STUPID! In addition to being ill prepared for phase one.. the only thing you could think of over the past 2 months is this?

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

[Like Us On Facebook](#)
[Follow Us on Twitter-@MillerAssocTeam](#)

O: 410-730-6100
M: 410-456-0101
scott@scottomiller.com
www.scottomiller.com



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



Main 410 715-1437
Fax 410-715-1489
Web www.hcar.org

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.



Main 410-715-1437
Fax 410-715-1489
Web www.hear.org

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.



Main 410-715-1437
Fax 410-715-1489
Web www.hcar.org

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.



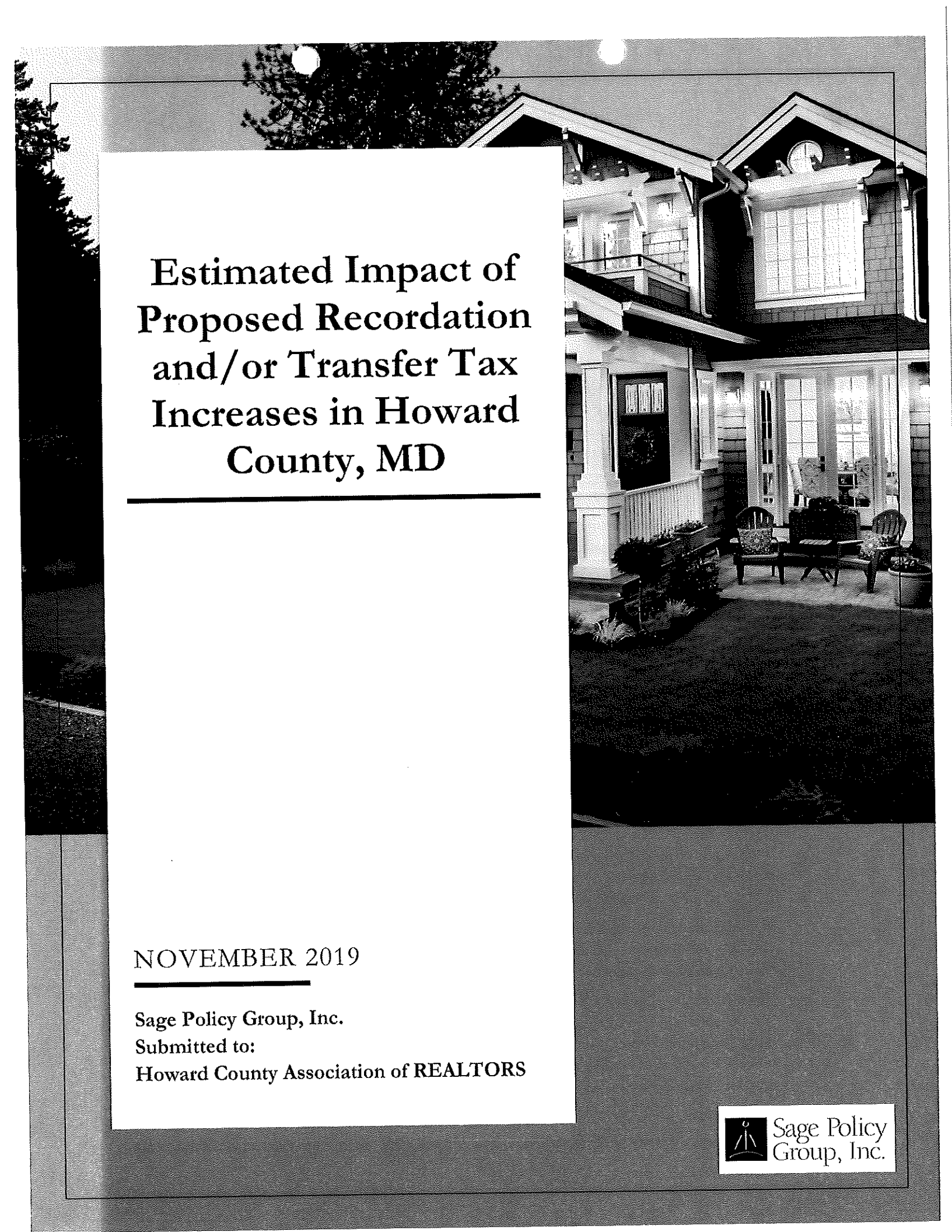
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The proposed increases to real estate transfer and recordation taxes will place our costs of homeownership far above those of other counties, will make Howard less competitive with our comparable jurisdictions, and come at a time of economic uncertainty 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



**Sage Policy
Group, Inc.**

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 Lyytikäinen (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

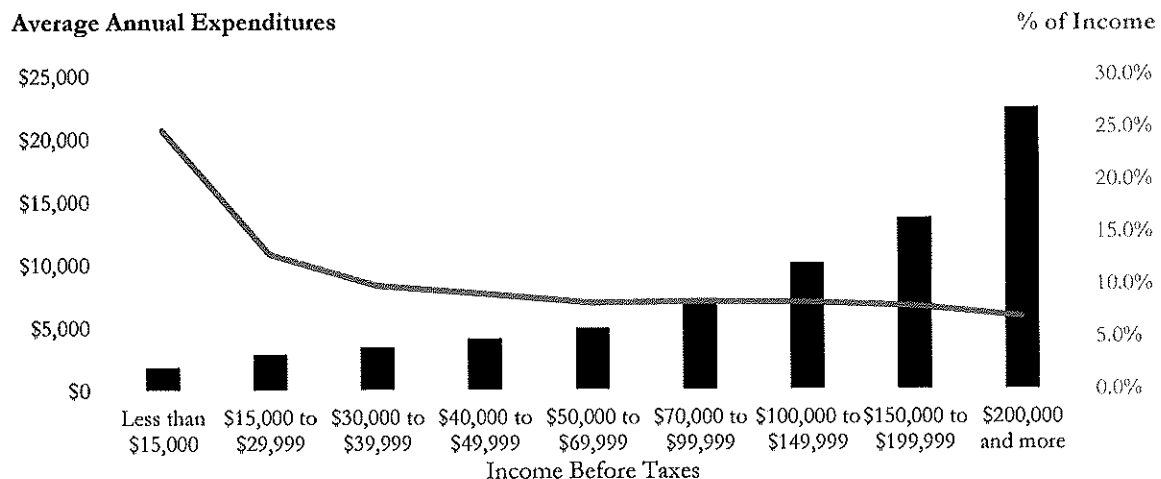
| 1% Transfer Tax Rate | | | 1.5% Transfer Tax Rate | | |
|-------------------------------|----------------------|-----------------------|-------------------------------|----------------------|-----------------------|
| | HH making \$50k/year | HH making \$150k/year | | HH making \$50k/year | HH making \$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.

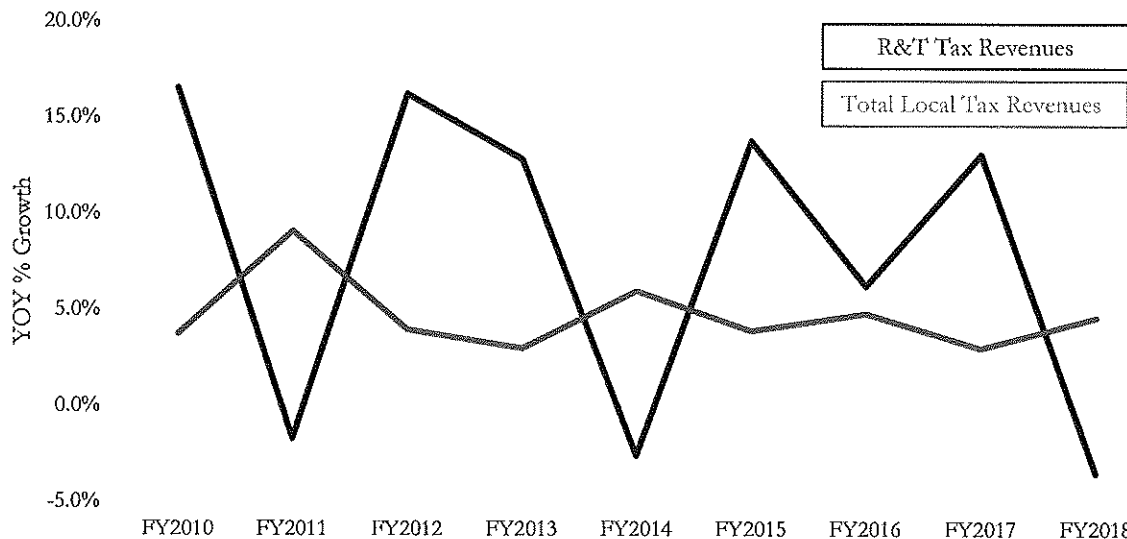
In neighboring Anne Arundel, Baltimore, Montgomery, and Prince George's counties, the tax bill was slightly higher as a percent of median sale price (between 1.1% and 1.2%). In nearby Carroll and Frederick counties, the tax bill was slightly lower as a percent of median sales price (0.8-0.9%). Admittedly, 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 1/4 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% |

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

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 |

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

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 | | | Total R/T Taxes | Seller Portion | | | Total R/T Taxes |
|------------------------|-----------------|------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | | | County Record. | County Transfer | State Transfer | | County Record. | County Transfer | State Transfer | |
| 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 |

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

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.

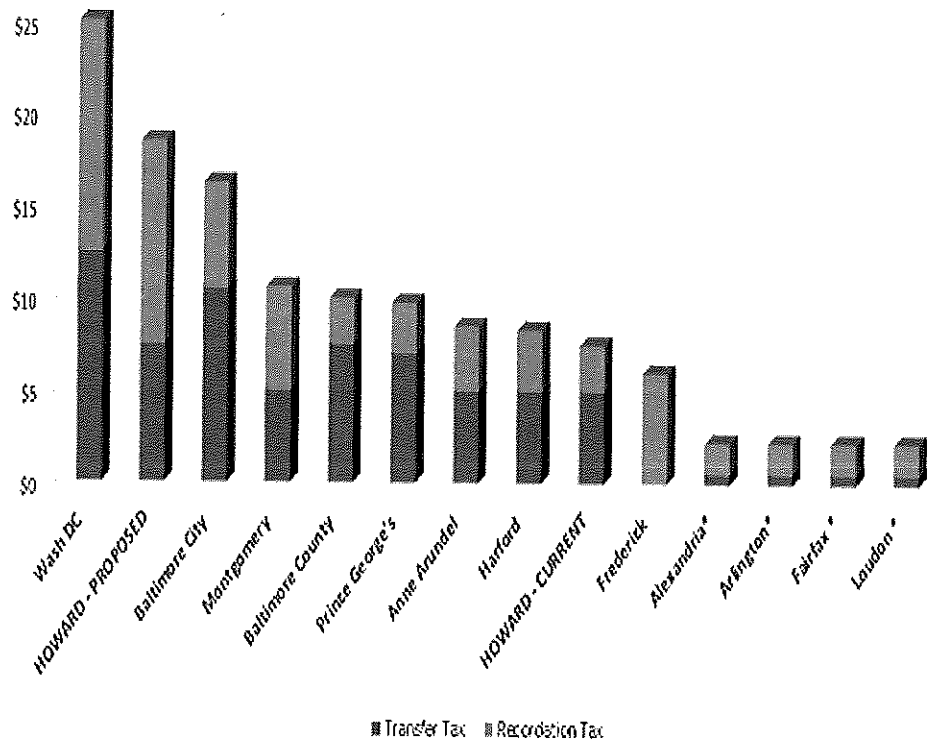
The Chamber understands the County's current fiscal dilemma. However, legislation like this will impact the county's ability to compete, delay recovery, and not be a sustainable solution to current fiscal constraints. Council members may be emailed at Councilmail@howardcountymd.gov.

| 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 |

Howard County Current vs. Proposed Transfer and Recordation Tax Compared to Regional Competitors

[Rates for Transactions in the Highest Bracket]

[Transfer and Recordation Tax per \$500 - * Virginia Blue = Grantor's Tax, Congestion Relief Tax]



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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

Sayers, Margery

From: Lois Hackerman <loishackerman@comcast.net>
Sent: Monday, April 27, 2020 8:39 PM
To: CouncilMail
Subject: Tax hike

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

The proposed property tax increase is totally out of line. As a Howard County resident for many years, I find this increase to be excessive! Please reconsider especially in light of all the expensive and bills we residents are facing while people remain out of work.

Sayers, Margery

From: Kapil sharma <kapiluab@gmail.com>
Sent: Friday, April 24, 2020 6:48 PM
To: CouncilPIO,
Cc: Facchine, Felix
Subject: Re: Recordation Tax 4.24.2020

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

Inefficient government. Instead of helping small businesses in time like this, they are busy raising the taxes.

Kapil

On Apr 24, 2020, at 6:29 PM, Howard County Council <councilpio@howardcountymd.gov> wrote:



FOR IMMEDIATE RELEASE

CONTACT:

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

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

Ellicott City, MD (April 24, 2020)- Howard County Councilmembers Christiana Rigby and Opel Jones will introduce legislation in May that would reshape Howard County's existing recordation tax on real estate transactions into a progressive structure, providing tax relief on property sales below \$300,000 and strengthening Howard County Government's financial position. The recordation tax is a one-time cost paid when real estate is sold to a new owner, typically split as part of the "closing costs" of a real estate transaction.

Since 1992, Howard County's recordation rate has remained the same regressive, flat rate of \$2.50 per \$500 of consideration payable. This legislation would adopt a progressive, tiered structure to the recordation rate by lowering the rate on properties sold for under \$250,000 - potentially making such purchases more accessible to low and moderate income buyers - and proportionally increasing the rate on higher property price 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 provides a tax cut for many property purchasers and supports the County's budget by preventing drastic cuts in county services.

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. If a property owner is refinancing the remaining unpaid principal on their mortgage and the principal has not increased, the refinancing is exempt from the recordation tax. Homeowners pursuing a home equity loan for less than an additional \$300,000 would also receive a tax cut under this proposal.

The proposed structure is as follows:

| Recordation Rate | Brackets |
|---|--------------------------|
| \$2 on each \$500 for the 1st \$250,000 | \$0 - \$250,000 |
| \$5 on each \$500 for the 2 nd \$250,000 | \$250,001 to \$500,000 |
| \$8 on each \$500 for the next \$500,000 | \$500,001 to \$1,000,000 |
| \$11 on each \$500 above \$1,000,000 | \$1,000,001 and above |

The proposed legislation was 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, 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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Sent by councilpio@howardcountymd.gov in collaboration with



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Sayers, Margery

From: Michael Pavlides <mpavlides@hotmail.com>
Sent: Friday, April 24, 2020 8:29 AM
To: CouncilMail
Subject: Opposed to RE Recordation Transfer Tax Increase

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

As long term residents of Howard County we are opposed to the proposed Recordation Tax RE transfer tax increase. We believe the proposed recordation tax increase on house values for sales are extremely excessive, will greatly adversely affect potential sales that will then negate any Increase in anticipated tax revenue, and are unfair considering the additional RE tax already assessed on county homes.

This also is a very unfair burden on those of us who are Senior Citizens who are preparing to sell our house. While we were considering downsizing and remaining in HOCO by buying a smaller house or condo or going into a 55+ community, this tax will force us to look out of state.

Michael and Marie Pavlides
12229 Heathcliff Court
Ellicott City, MD 21042

Sayers, Margery

From: Frantz, Sandra <sfrantz@OldRepublicTitle.com>
Sent: Thursday, April 23, 2020 10:59 AM
To: CouncilMail
Subject: Proposed Recordation Tax Rate

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

Good morning,

I am not a resident of Howard County, but I do work for a title insurance underwriter.

I'm not clear on the intent of the way to calculate the taxes.

The way the proposed wording is in the below tax tiered table may lead one to believe that the rate is graduated.

For example if you have a \$750,000 purchase you could interpret this table to mean that the calculations are as follows:

\$750,000

First \$250,000 / 500 = 500 x \$2 = \$1,000

Second \$250,000 / 500 = 500 x \$5 = \$2,500

Third \$250,000 / 500 = 500 x \$8 = \$4,000

\$1,000 + \$2,500 + \$4,000 = \$7,500

Or is the intent of the calculation of the rate meant to be:

\$750,000 / 500 = 1500 x \$8 = \$12,000

| 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 |

Sandy Frantz

Underwriting and Agency Assistant

T: 410.953.6763 | C: 410.259.9311 | F: 410.953.6761

sfrantz@OldRepublicTitle.com

Old Republic National Title Insurance Company | Old Republic Insurance Group

8840 Stanford Boulevard, Suite 4500 | Columbia, MD 21045

oldrepublictitle.com

Old Republic Title - Resources and Tools

[Homepage - Informative](#) | [Blog - Industry News](#) | [Shared Success University Program](#)

**** NOTE: Email fraud is on the rise. Call your escrow officer to verify WIRE TRANSFER INSTRUCTIONS before sending funds. ****

Sayers, Margery

From: Chao Wu <chaowu2016@gmail.com>
Sent: Wednesday, April 22, 2020 8:02 PM
To: Jones, Opel
Cc: Rigby, Christiana; CouncilMail; BoE Email
Subject: Re: Recording tax calculation

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

Dr. Jones,

Thanks a lot for your detailed reply. I really love it. I agree my plot is over-simplified. If you can give me the whole 4921 transactions, I can compute the exact amount.

I believe the council will make similar evaluation too.

I will give you a call later this week.

Best regards,

Chao

Chao Wu, *PhD*
Board Member of Howard County Board of Education
website: <https://www.chaowu.org>

Note: The opinion in the email does not represent the opinion of the Howard County Board of Education unless it is clearly stated.

On Wed, Apr 22, 2020 at 6:14 PM Jones, Opel <ojones@howardcountymd.gov> wrote:

Dr. Wu,

Thank you for the email and analysis.

I would like to echo Ms. Rigby's comments; your data (although correct) is misleading when depicted.

1. You use House_Value as your independent variable for your graphs for Howard County when the recordation tax is based on real estate transactions that occur in a given time. Although the median "house value" is \$498,000 (it's actually \$498,675 per the website you referenced and thus should be rounded to \$499,000) for Howard

County the recordation tax is only for the actual transactions, say for 2018 or 2019. I would like to note that out of the 4921 real estate transactions last year, 61.7% of those transactions were \$500K or below. And most importantly the **median real estate transaction was \$436,565**, far from the \$498,000 you referenced.

2. Your graphs depict lines that are shooting off the charts as House_Value increases into the \$1M mark and above. Ironically, out of the 4921 real estate transactions last year, only 190 (or 3.86%) were \$1M and above. What is extremely misleading is that your first set of graphs go all the way up to \$1.4M and above, especially given that there were only 65 out of 4921 real estate transactions that high (or 1.32%). Depicting the blue line (new tax) and the red line (old tax) with such a difference takes over the graph visually, and is not representative of the true nature of this proposed tax restructure. I appreciate the second set of graphs ranging from \$200K to \$800K, but viewers will mostly likely run with the first set, as I have already seen on social media.
3. Both sets of graphs depict somewhat linear growth in the proposed recordation tax in dollars and rate in percentage. I would have appreciated seeing your data reflecting the change with respect to the actual number of real estate transactions. To give a quick breakdown, out of the 4921 real estate transactions last year:
 - a. 501 were \$250K and below (10.18%);
 - b. 2535 were \$250K - \$500K (51.51%);
 - c. 1695 were \$500K - \$1M (34.44%), and;
 - d. 190 were \$1M and above (3.86%).

This would actually show a bell curve of real estate transactions with, again, the **median real estate transaction as \$436,565**, and not a linear growth shooting off the charts.

Again, I echo Ms. Rigby's comments, that this proposed recordation tax restructure would help prevent reductions in services, prevent layoffs, and maintain (if not increase) support to HCPSS. If you have any questions, please feel free to email me, or call me at 410.300.4822 (for those who may not have my cell).

Opel Jones

Councilmember, District Two

Howard County Council

3430 Court House Drive, Ellicott City, MD 21043

ojones@howardcountymd.gov

(410) 313-2001



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From: Chao Wu <chaowu2016@gmail.com>
Sent: Wednesday, April 22, 2020 12:47 PM
To: Rigby, Christiana <crigby@howardcountymd.gov>
Cc: CouncilMail <CouncilMail@howardcountymd.gov>; BoE Email <boe@hcpss.org>
Subject: Re: Recording tax calculation

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

Hi Ms. Rigby,

Thanks for your reply. I had a mistake in the original calculation (I used the \$2/500 in the old tax base). I updated the figure and numbers again (<https://chaowu.org/2020/04/22/2020-proposed-hoco-recording-tax-increase/>). For house value less than 250k, there is a 20% tax decrease. Then the decrease goes down slowly. At 300k, there is no tax change. Then the tax begins to increase.

When the house value crosses around \$530k, there is a 50% increase. After the house value crosses \$750k, there is a 100% increase. For a house value at 1 million dollars, the recording tax increase is \$6500, i.e., 130% increase.

I believe the county council will find a balance between tax and spending. This is a tough fiscal year for every department in the county.

Best regards,

Chao

On Wed, Apr 22, 2020 at 12:29 PM Rigby, Christiana <crigby@howardcountymd.gov> wrote:

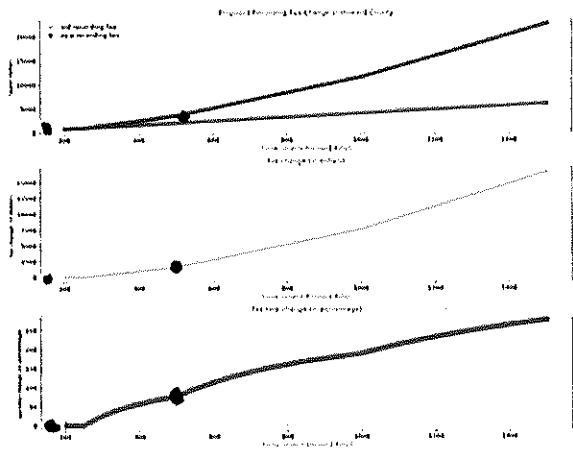
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This year, the County will experience decreased revenues and still must fund mandated and non-controllable cost increases (MOE, negotiated agreements, etc.). I believe this approach is the most responsible way to balance these different needs, while avoiding other actions (such as property tax increases or draconian program cuts), which would affect every property owner in Howard County in an ongoing and significant way.

This measure helps prevent layoffs, reductions in core services to county residents, maintain support to HCPSS, and ensure the County's long-term stability. Please don't hesitate to reach out if you have any questions.

Yours in service,

Christiana

Christiana Rigby – she/her/hers

Councilwoman, District 3

Serving North Laurel, Savage, Columbia, Jessup and Guilford

Howard County Council

3430 Court House Drive, Ellicott City, MD 21043

crigby@howardcountymd.gov

410.313.2001



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From: Chao Wu <chaowu2016@gmail.com>
Sent: Wednesday, April 22, 2020 11:44 AM
To: CouncilMail <CouncilMail@howardcountymd.gov>
Subject: Recording tax calculation

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

Dear Council Members,

I plotted the new recording tax proposed by Council Members Christiana and Dr. Opel Jones.

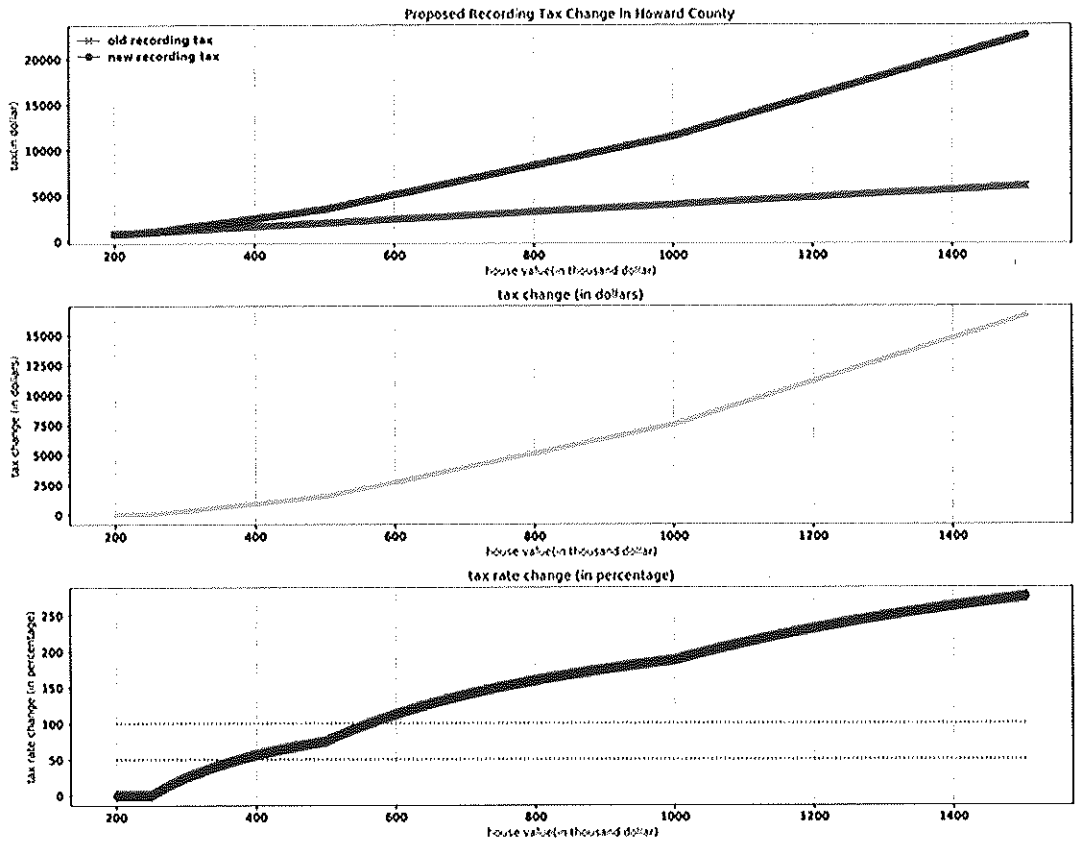
My article is <https://chaowu.org/2020/04/22/2020-proposed-hoco-recording-tax-increase/>

Here is a quick summary:

For house value less than 250k, there is no change. Then the tax increases quickly. After the house value crosses \$375k, there is a 50% increase. After the house value crosses \$562500, there is a 100% increase. For a house value at 1 million dollars, the recording tax increase is \$7500, i.e., 187.5% increase.

Thanks.

Chao



Sayers, Margery

From: Jones, Opel
Sent: Wednesday, April 22, 2020 6:14 PM
To: Chao Wu; Rigby, Christiana
Cc: CouncilMail; BoE Email
Subject: RE: Recording tax calculation

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I believe the county council will find a balance between tax and spending. This is a tough fiscal year for every department in the county.

Best regards,

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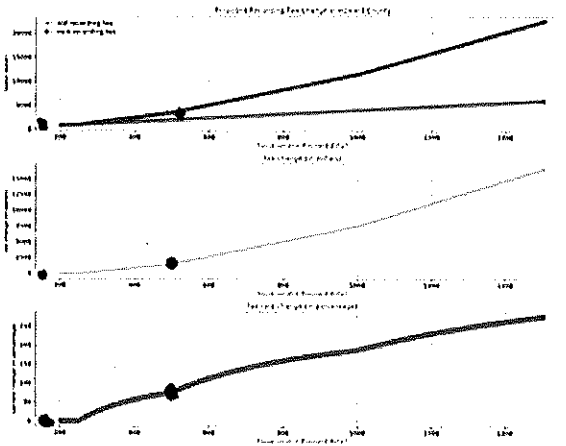
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Yours in service,

Christiana

Christiana Rigby – she/her/hers

Councilwoman, District 3

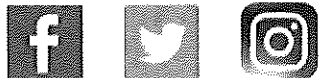
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From: Chao Wu <chaowu2016@gmail.com>
Sent: Wednesday, April 22, 2020 11:44 AM
To: CouncilMail <CouncilMail@howardcountymd.gov>
Subject: Recording tax calculation

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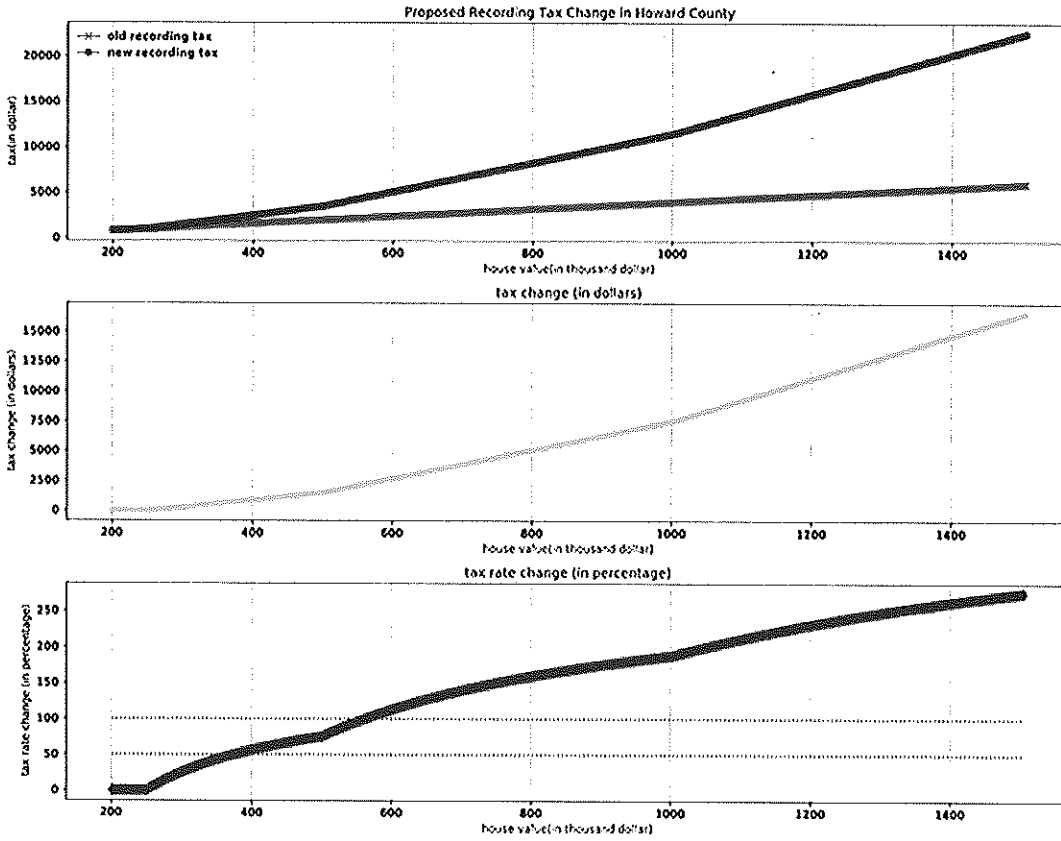
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Thanks.



Sayers, Margery

From: Williams, China
Sent: Wednesday, April 22, 2020 12:50 PM
To: Sayers, Margery
Subject: FW: Recording tax increase is ridiculous, please vote NO

From: Paul H <myoldsmoky@yahoo.com>
Sent: Wednesday, April 22, 2020 12:34 PM
To: Williams, China <ccwilliams@howardcountymd.gov>
Subject: Recording tax increase is ridiculous, please vote NO

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

Dear County Council member Ms. Jung,

I learned from the news that a bill is proposed to increase recording tax in Howard county. I strongly urge you to vote NO on this bill. During this pandemic crisis, people are struggling financially and emotionally, this tax increase would put a heavy burden on people who try to sell their property or refinance. How possible can someone come with this idea while the whole country is in this unprecedented crisis? I have no more words to say, please vote NO on this bill.

Sincerely,

Paul Huang

Sayers, Margery

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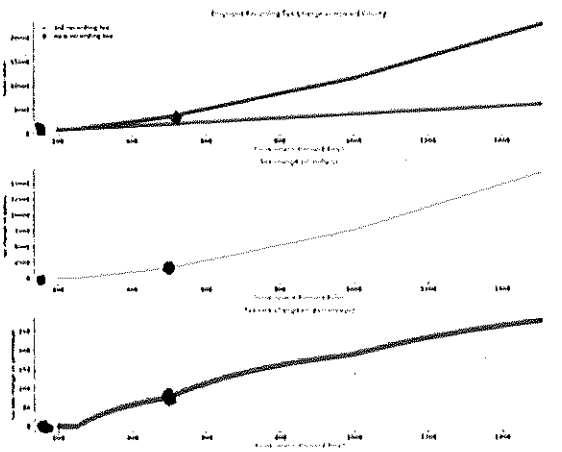
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Councilwoman, District 3

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Howard County Council

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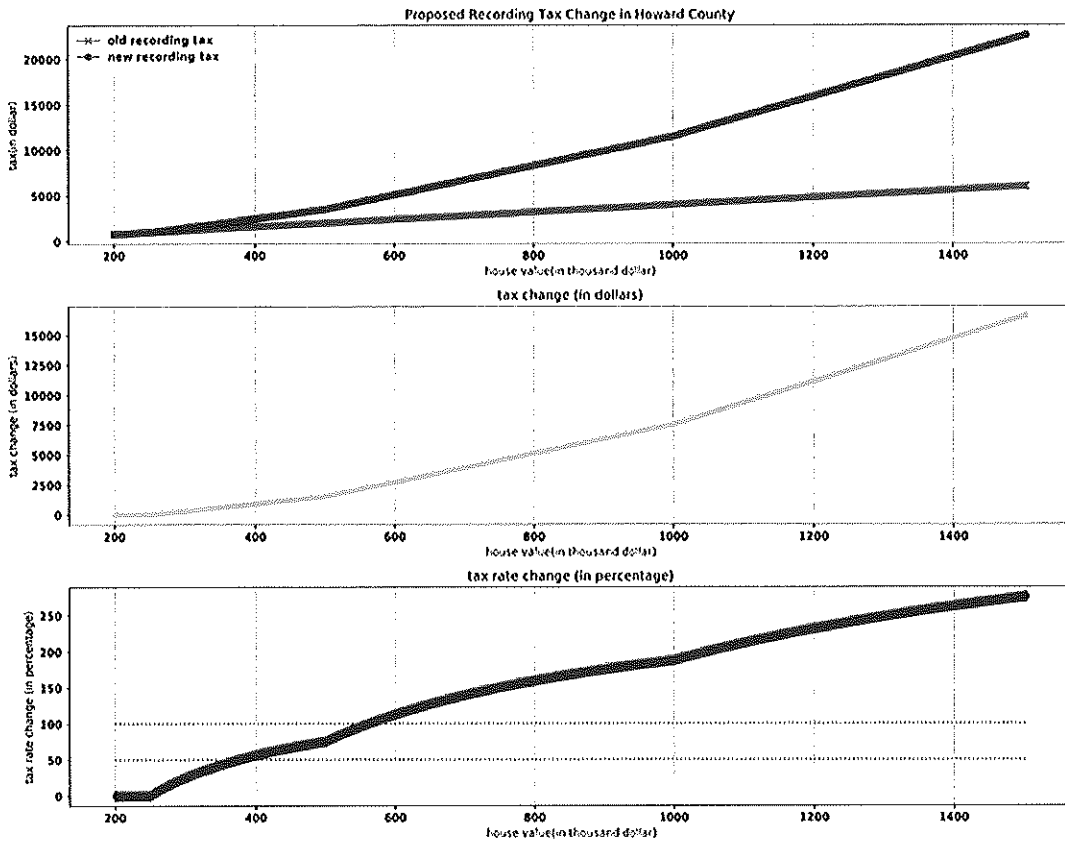
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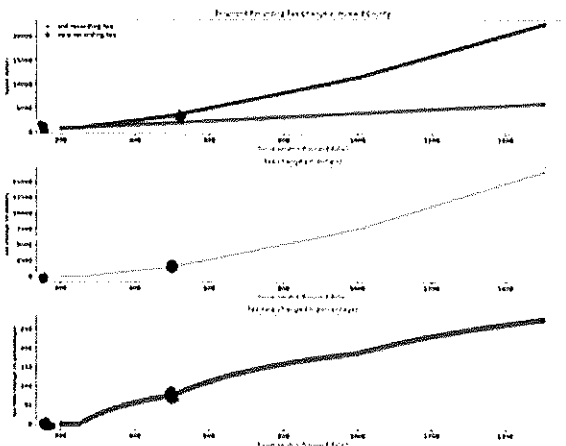
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Howard County Council

3430 Court House Drive, Ellicott City, MD 21043

crigby@howardcountymd.gov

410.313.2001



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From: Chao Wu <chaowu2016@gmail.com>

Sent: Wednesday, April 22, 2020 11:44 AM

To: CouncilMail <CouncilMail@howardcountymd.gov>

Subject: Recording tax calculation

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

Dear Council Members,

I plotted the new recording tax proposed by Council Members Christiana and Dr. Opel Jones.

My article is <https://chaowu.org/2020/04/22/2020-proposed-hoco-recording-tax-increase/>

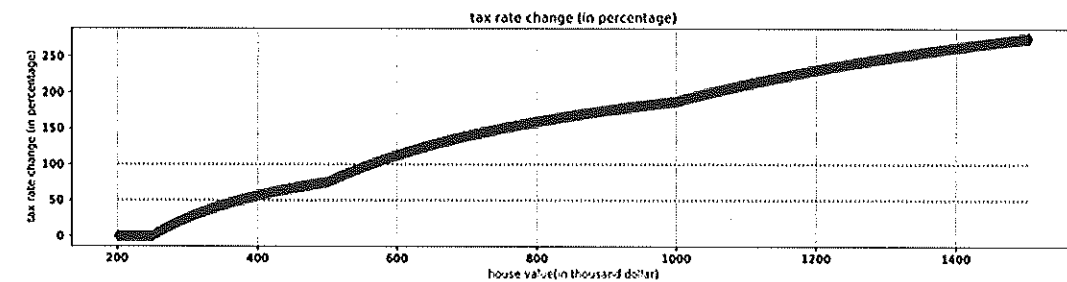
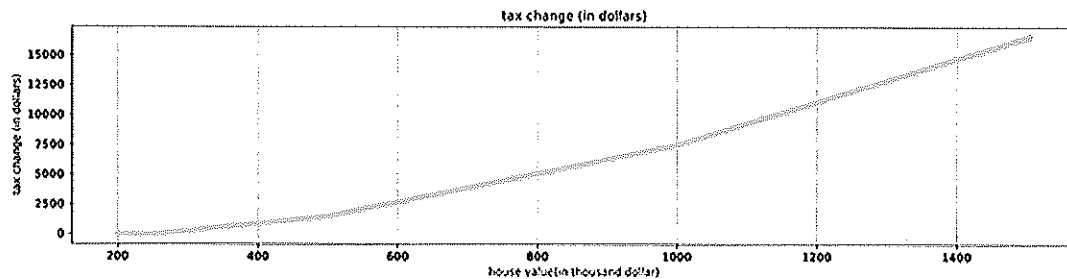
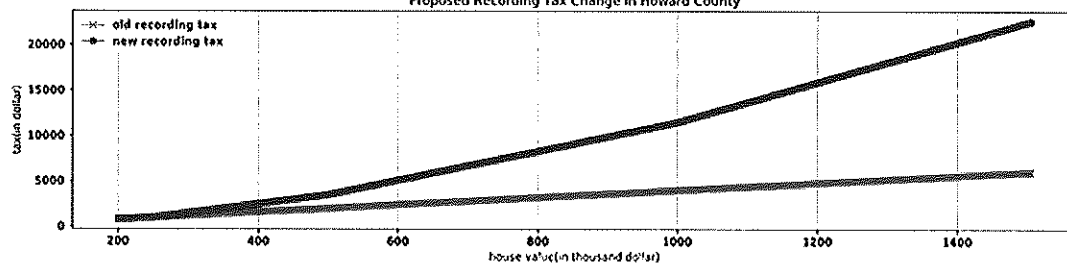
Here is a quick summary:

For house value less than 250k, there is no change. Then the tax increases quickly. After the house value crosses \$375k, there is a 50% increase. After the house value crosses \$562500, there is a 100% increase. For a house value at 1 million dollars, the recording tax increase is \$7500, i.e., 187.5% increase.

Thanks.

Chao

Proposed Recording Tax Change in Howard County



Sayers, Margery

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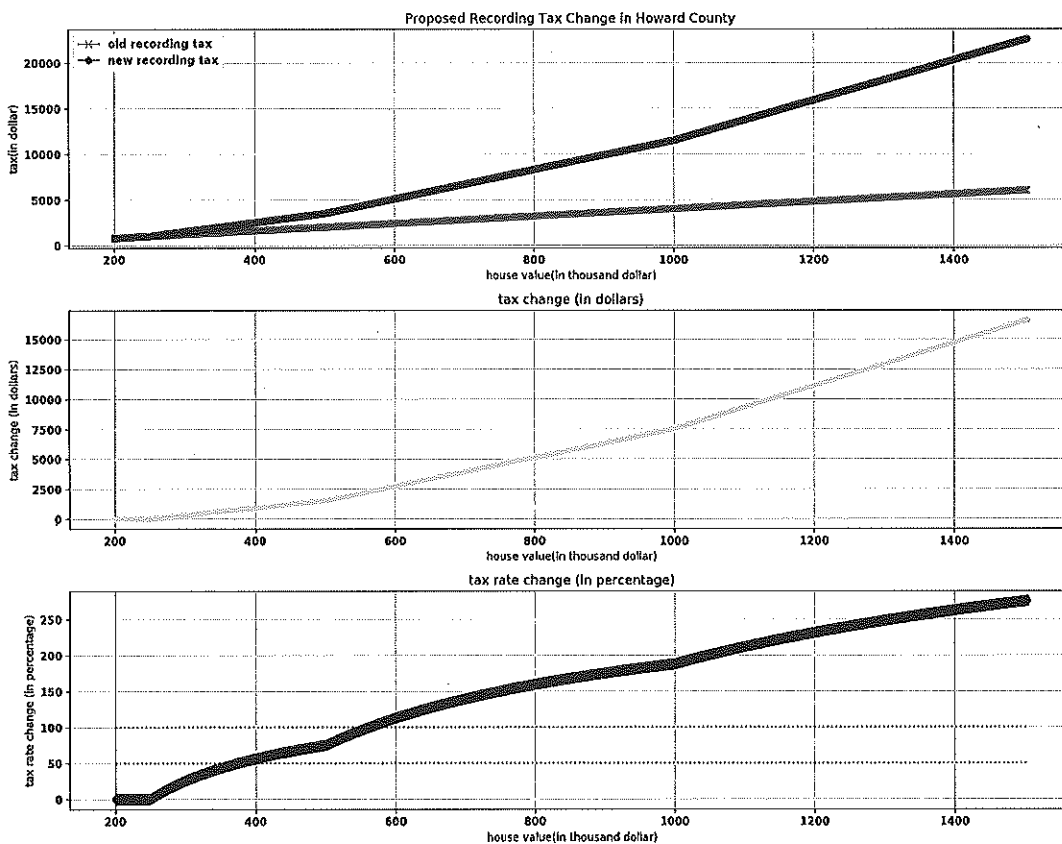
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Thanks.

Chao



Sayers, Margery

From: no-reply@howardcountymd.gov
Sent: Tuesday, April 21, 2020 11:55 AM
To: gwriffle@gmail.com
Subject: District 2 - Proposed Real Estate Tax Increase

First Name: Guy
Last Name: Riffle
Email: gwriffle@gmail.com
Street Address: 7028 Mink Hollow Rd
City: Highland
Subject: Proposed Real Estate Tax Increase
Message: Dr. Jones, Any tax increase with worsen any economic downturn, not improve it. I am against the proposed tax increase and will remember the results at the next election.

Sayers, Margery

From: no-reply@howardcountymd.gov
Sent: Tuesday, April 21, 2020 11:52 AM
To: gwriffle@gmail.com
Subject: District 3 - Real Estate Tax Increase

First Name: Guy

Last Name: Riffle

Email: gwriffle@gmail.com

Street Address: 7028 Mink Hollow Rd

City: Highland

Subject: Real Estate Tax Increase

Message: Ms. Rigby, The proposed tax increase will make any economic downturn that much worse! I am against this increase and will remember the outcome at the next election.

Sayers, Margery

From: Brian Edwards <brianledwards@gmail.com>
Sent: Monday, April 20, 2020 10:58 PM
To: Ball, Calvin; CouncilMail
Subject: No Tax increases please..

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Please at a time like this do not even consider tax increases on Recordation tax or the transfer tax. Many counties do not have a transfer tax. We are taxed an unbelievably high rate already. When you keep raising taxes the people paying the most are the first to flee the county and the end result is less tax revenue. Make the county more attractive for people and business, not less. When I bought here in 2008, my wife's family who live in Harford County tried to tell us not to do it because of the crazy amount of taxes. Please stop increasing and find a way to start decreasing. With all the development and additional tax payers it makes sense at some point you should be able to start lowering them.