



MEMORANDUM

STEPHANIE
RAWLINGS-BLAKE,
Mayor

PAUL T. GRAZIANO,
Executive Director, HAHC,
Commissioner, HCD

Brenda W.

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, *Executive Secretary*

From: Paul T. Graziano, *Commissioner*

Paul T. Graziano for PTG

Date: November 16, 2012

Re: **City Council Bill 12-0149 – Recordation Tax – Stepped Rates**

The Department of Housing and Community Development (HCD) has reviewed City Council Bill 12-0149, which was introduced for the purpose of establishing stepped rates for calculating the recordation tax on instruments conveying title to property; correcting, clarifying, and conforming related provisions; providing for a special effective date; and generally relating to recordation tax rates.

City Council Bill 12-0149, if adopted, would amend the Recordation Tax portion of the Baltimore City Code, located at Article 28, § 16-1 of the Laws of Baltimore City. Currently, the law imposes a tax at a rate of \$5 per \$500 fractional interest paid or to be paid for instruments conveying title to property—commonly known as deeds—and \$5 per \$500 fractional interest of the principal amount for instruments securing debts related to the property—commonly known as “deeds of trust” or commonly thought of as the mortgage interest. This bill would essentially separate out a certain category of real estate transactions—mortgage foreclosures—from the broader category of real estate transactions and impose a stepped rate standard on this category of transactions, while page 2 of the bill, at subsections (B) and (C), retains the tax structure as it exists under current law for all other transactions.

Concerning the stepped rates for mortgage foreclosures, this bill would have the rate remain the same for deeds recorded within 60 days of the ratification of the mortgage foreclosure sale (“ratification”), set a rate of \$10 per \$500 fractional interest for deeds recorded between 61 and 180 days after the ratification and for deeds recorded 181 or more days after the ratification, set a rate of \$20 per \$500 fractional interest. The bill also contains provisions that “start the clock” counting on the same above-noted stepped-rate time schedule at a different temporal trigger event for situations involving: (i) timely filings of a motion to reconsider or an appeal of a mortgage foreclosure ratification order; and (ii) mortgage foreclosure ratifications subject to a bankruptcy stay or an unexpired federal right of redemption.

The Department of Housing and Community Development has no objection to the adoption of City Council Bill 12-0149.

PTG:nb

cc: Ms. Angela Gibson, *Mayor's Office of Government Relations*
Ms. Kaliope Parthemos, *Deputy Mayor*

