

**CITY OF BALTIMORE
COUNCIL BILL 18-0221
(First Reader)**

Introduced by: Councilmember Bullock, President Young, Councilmembers Henry, Dorsey, Burnett, Scott, Sneed, Clarke, Stokes, Middleton, Cohen, Reisinger, Costello, Pinkett, Schleifer

Introduced and read first time: April 16, 2018

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Real Estate, Department of Planning, Department of Housing and Community Development, Department of Finance, Baltimore Development Corporation, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 style="text-align:center">**Recordation and Transfer Taxes – Surtax –**
3 style="text-align:center">**Dedicating Surtax Proceeds to Affordable Housing Trust Fund**

4 FOR the purpose of imposing a surtax on recordations subject to the recordation tax and a surtax
5 on property transfers subject to the transfer tax; providing for an exemption from these
6 surtaxes for certain residential properties; dedicating the proceeds from these surtaxes to the
7 Affordable Housing Trust Fund created by City Charter Article 1, § 14; correcting, clarifying,
8 and conforming related language; and generally relating to the City’s recordation and transfer
9 taxes.

10 BY repealing and reordaining, with amendments

11 Article 28 - Taxes
12 Sections 16-1, 17-2(a), and 17-3(a)
13 Baltimore City Code
14 (Edition 2000)

15 BY adding

16 Article 28 - Taxes
17 Sections 16-3 and 17-15
18 Baltimore City Code
19 (Edition 2000)

20 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
21 Laws of Baltimore City read as follows:

22 style="text-align:center">**Baltimore City Code**

23 style="text-align:center">**Article 28. Taxes**

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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Subtitle 16. Recordation Tax

§ 16-1. Tax imposed.

(A) *IN GENERAL.*

Pursuant to State Tax-Property Article § 12-103(b), the rate of tax applicable to instruments recorded with the Clerk of the Circuit Court for Baltimore City is:

(1) in the case of instruments conveying title to property[,]:

(i) \$5 for each \$500 or fractional part of \$500 of the actual consideration paid or to be paid; PLUS

(ii) EXCEPT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, AN ADDITIONAL AMOUNT (“SURTAX”) OF \$2 FOR EACH \$500 OR FRACTIONAL PART OF \$500 OF THE ACTUAL CONSIDERATION PAID OR TO BE PAID; and

(2) in the case of instruments securing a debt[,]:

(i) \$5 for each \$500 or fractional part of \$500 of the principal amount of the debt secured; PLUS

(ii) EXCEPT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, AN ADDITIONAL AMOUNT (“SURTAX”) OF \$2 FOR EACH \$500 OR FRACTIONAL PART OF \$500 OF THE PRINCIPAL AMOUNT OF THE DEBT SECURED.

(B) *EXEMPTION FROM SURTAX.*

THE SURTAX IMPOSED BY SUBSECTION (A)(1)(II) AND (A)(2)(II) OF THIS SECTION DOES NOT APPLY TO A CONVEYANCE OF OWNER-OCCUPIED RESIDENTIAL PROPERTY IF THE INSTRUMENT IN WRITING IS ACCOMPANIED BY A STATEMENT, SIGNED UNDER OATH BY THE BUYER, THAT THE BUYER WILL USE THE PROPERTY AS THE BUYER’S PRINCIPAL RESIDENCE BY ACTUALLY OCCUPYING THE PROPERTY FOR AT LEAST 7 MONTHS OF THE 12 MONTH PERIOD IMMEDIATELY FOLLOWING THE CONVEYANCE.

§ 16-3. DEDICATION OF SURTAX PROCEEDS.

ALL PROCEEDS FROM THE SURTAX IMPOSED BY § 16-1(A)(1)(II) AND (2)(II) OF THIS SUBTITLE SHALL BE DEPOSITED IN THE CONTINUING, NONLAPSING FUND CREATED BY CITY CHARTER ARTICLE I, § 14 {“AFFORDABLE HOUSING TRUST FUND”}, TO BE USED EXCLUSIVELY FOR THE PURPOSES SPECIFIED IN THAT SECTION.

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Subtitle 17. Transfer Tax

§ 17-2. Tax imposed – In general.

(a) *In general.*

(1) *IMPOSITION OF TAX.*

A tax is hereby levied and imposed upon the transfer of any estate of inheritance or freehold, of any declaration or limitation of use, or any estate above 7 years, in Baltimore City, [at the rate of] AS FOLLOWS:

(I) AT THE RATE OF [1½%] 1.5% of the TRANSFER’S taxable basis [thereof], as [hereinafter] defined IN § 17-5 {“TAXABLE BASIS”} OF THIS SUBTITLE; PLUS

(II) EXCEPT AS PROVIDED UNDER PARAGRAPH (3) OF THIS SUBSECTION, AN ADDITIONAL AMOUNT (“SURTAX”) AT THE RATE OF 0.6% OF THAT TAXABLE BASIS.

(2) *INAPPLICABILITY OF TAX TO CERTAIN SHORT-TERM RENEWABLE LEASES.*

[Except that the] THE tax levied and imposed [hereunder shall] UNDER THIS SECTION DOES not apply to any lease or sublease for an initial term of not more than 7 years [which] THAT contains any provisions for renewal for 1 or more succeeding stated terms of not more than 7 years each, if under [such provision] THOSE PROVISIONS for renewal the right to effect or prevent each [such] renewal term [shall be] IS optional with either the landlord or the tenant.

(3) *EXEMPTION FROM SURTAX.*

THE SURTAX IMPOSED BY PARAGRAPH (1)(I) OF THIS SUBSECTION DOES NOT APPLY TO A CONVEYANCE OF OWNER-OCCUPIED RESIDENTIAL PROPERTY IF THE INSTRUMENT IN WRITING IS ACCOMPANIED BY A STATEMENT, SIGNED UNDER OATH BY THE BUYER, THAT THE BUYER WILL USE THE PROPERTY AS THE BUYER’S PRINCIPAL RESIDENCE BY ACTUALLY OCCUPYING THE PROPERTY FOR AT LEAST 7 MONTHS OF THE 12 MONTH PERIOD IMMEDIATELY FOLLOWING THE CONVEYANCE.

§ 17-3. Tax imposed – Corporate transfers.

(a) *In general.*

A tax is hereby levied and imposed upon the transfer of real property affected by filing of articles of sale, lease, exchange, or other transfer of all or substantially all the property and assets of a corporation with respect to the property subject to the certificate required under State Corporations and Associations Article § 3-112, AS FOLLOWS:

(1) at the rate of [1½%] 1.5% of the TRANSFER’S taxable basis [thereof], as [hereinafter] defined IN § 17-5 {“TAXABLE BASIS”} OF THIS SUBTITLE; PLUS

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1 (2) AN ADDITIONAL AMOUNT (“SURTAX”) AT THE RATE OF 0.6% OF THAT TAXABLE
2 BASIS.

3 **§ 17-15. DEDICATION OF SURTAX PROCEEDS.**

4 ALL PROCEEDS FROM THE SURTAX IMPOSED BY § 17-2(A)(1)(II) AND § 17-3(A)(2) OF THIS
5 SUBTITLE SHALL BE DEPOSITED IN THE CONTINUING, NONLAPSING FUND CREATED BY CITY
6 CHARTER ARTICLE I, § 14 {“AFFORDABLE HOUSING TRUST FUND”}, TO BE USED
7 EXCLUSIVELY FOR THE PURPOSES SPECIFIED IN THAT SECTION.

8 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
9 are not law and may not be considered to have been enacted as a part of this or any prior
10 Ordinance.

11 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
12 after the date it is enacted.