

MEMORANDUM

TO: County Council

FROM: *MF* Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** Expedited Bill 10-11, Recordation Tax – Allocation of Revenue

Expedited Bill 10-11, Recordation Tax – Allocation of Revenue, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on April 5, 2011. A public hearing is tentatively scheduled for April 26 at 7:30 p.m.

Recordation tax background As Councilmembers will recall, the County recordation tax, levied under state law and shown in County Code §52-16B, since 2008 has 3 levels or tiers which determine how the revenue from this tax is allocated:

Tier	Rate	Use of funds
1	\$4.40/\$1000	General Fund (unrestricted)
2	\$2.50/\$1000	MCPS capital, College educational technology
3	\$3.10/\$1000 (>\$500,000)	50% County government capital improvements 50% new funding for rental assistance programs

Summary Bill 10-11 would suspend for fiscal year 2012 the current requirement that certain revenue from the recordation tax (Tier 3) be allocated to the cost of County Government capital projects and rental assistance programs for low and moderate income households.

When the Council enacted a similar Bill (Bill 14-10) for fiscal year 2011, that Bill also suspended, for fiscal year 2011, the requirement that Tier 2 of the recordation tax be allocated to capital improvements to County schools and educational technology for Montgomery College. This Bill, as submitted by the Executive, does not propose any change in allocation of Tier 2 revenue.

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Expedited Bill No. 10-11
Concerning: Recordation Tax -
Allocation of Revenue
Revised: March 31, 2011 Draft No.1
Introduced: April 5, 2011
Expires: October 5, 2012
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- 1) revise the allocation of certain revenue received from the recordation tax; and
- 2) generally amend County law related to the recordation tax.

By amending

Laws of Montgomery County 2010
Chapter 19

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland, approves the following Act:

1 **Sec. 1. Chapter 19 of the Laws of Montgomery County 2010 is amended**
2 **as follows:**

3 * * *

4 **Sec. 3. Allocation of Revenue.** During any fiscal year that begins on or after
5 July 1, [2011] 2012, the net revenue attributable to the increase in the rate of the
6 recordation tax enacted in this Act must be reserved for and allocated equally to:

- 7 (a) the cost of County government capital improvements; and
- 8 (b) rental assistance programs for low- and moderate-income
9 households, which must not be used to supplant any otherwise
10 available funds.

11 **Sec. 2. Expedited Effective Date.**

12 The Council declares that this legislation is necessary for the immediate
13 protection of the public interest. This Act takes effect on the date when it becomes
14 law.

15 *Approved:*

18	Valerie Ervin, President, County Council	Date
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19 *Approved:*

22	Isiah Leggett, County Executive	Date
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23 This is a correct copy of Council action.

26	Linda M. Lauer, Clerk of the Council	Date
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LEGISLATIVE REQUEST REPORT

Expedited Bill 10-11
Recordation Tax – Allocation of Revenue

- DESCRIPTION:** This Bill would suspend the current requirement that portions of the recordation tax be allocated to: (a) the cost of County Government capital projects; and (b) rental assistance programs for low and moderate income households.
- PROBLEM:** In order to meet the current fiscal challenges facing the County, the County must increase the amount of revenue available to maintain core Government programs and services.
- GOALS AND OBJECTIVES:** To enhance the amount of revenue available to support core Government programs and services.
- COORDINATION:** Office of Management and Budget and Department of Finance.
- FISCAL IMPACT:** To be requested.
- ECONOMIC IMPACT:** To be requested.
- EVALUATION:** Subject to the general oversight of the County Executive and the County Council.
- EXPERIENCE ELSEWHERE:** Not applicable.
- SOURCE OF INFORMATION:** Joseph Beach, Director, Office of Management and Budget; Kathleen Boucher, Assistant Chief Administrative Officer; and Marc P. Hansen, County Attorney.
- APPLICATION WITHIN MUNICIPALITIES:** Revenue laws apply County wide.
- PENALTIES:** Not applicable.



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

MEMORANDUM


March 15, 2011

Isiah Leggett
County Executive

RECEIVED
MONTGOMERY COUNTY
COUNCIL

2011 MAR 16 PM 12:33

TO: Valerie Ervin, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Proposed Legislation – Recordation Tax – Allocation of Revenue

I am attaching for the Council's consideration a bill that would suspend the current requirement that portions of the recordation tax be allocated to: (a) the cost of County Government capital projects; and (b) rental assistance programs for low and moderate income households. In order to meet current fiscal challenges facing the County, the County must increase the amount of revenue available to maintain core Government programs and services.

I am also attaching a Legislative Request Report and Fiscal and Economic Impact Statement for the bill. Thank you for your prompt consideration of this legislation. I look forward to working with the Council as it considers this proposal.

Attachments (2)

c: Jennifer Barrett, Director, Department of Finance
Joseph F. Beach, Director, Office of Management and Budget
Kathleen Boucher, Assistant Chief Administrative Officer
Marc Hansen, County Attorney