



# NEWS RELEASE

## HOWARD COUNTY COUNCIL

### FOR IMMEDIATE RELEASE:

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## 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 <sup>nd</sup> \$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](mailto:councilmail@howardcountymd.gov).

To read the legislation, visit <https://cc.howardcountymd.gov/Legislation>

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