



Bill No. 19-12
 Concerning: Allocation of Recordation Tax Proceeds
to the Housing Initiative Fund for the Facilitation of
Affordable Housing in Frederick County

 Introduced: July 2, 2019
 Revised: August 20, 2019 Draft No. _____
 Enacted: _____
 Effective: _____
 Expires: September 30, 2019
 Frederick County Code, Chapter 1-8
 Section(s) 51

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council Member Jessica Fitzwater on behalf of County Executive Jan Gardner

AN ACT to: Allocate up to 2.5% of the proceeds from Frederick County recordation tax to the Housing Initiative Fund to be used to facilitate affordable housing in Frederick County.

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

By amending:

Frederick County Code, Chapter 1-8 Section(s) 51

Other: _____

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

Bill No. 19-12

For FY 2019, the County Executive allocated the equivalent of 1.5% of recordation tax revenue to the Frederick County Housing Initiative Fund (HIF). This dedicated revenue was intended to add stability to the HIF, which is used to leverage federal tax credit programs to create workforce housing and also support first-time homebuyer programs, rental assistance, the deferred loan program, and emergency rehabilitation.

Allocation of recordation tax revenue to the HIF is currently optional in the budget and could vary based on financial policy of the current County Executive. To encourage long-term funding stability for the HIF, this Bill codifies the allocation over the next few fiscal years to 2.5% of recordation tax revenue to the HIF.

The County Council of Frederick County, Maryland, finds it necessary and appropriate to amend the Frederick County Code to allocate up to 2.5% of the proceeds from the County recordation tax to the Housing Initiative Fund.

NOW THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that the Frederick County Code be, and it is hereby, amended as shown on the attached Exhibit 1.

M.C. Keegan-Ayer, President
County Council of Frederick County,
Maryland

ARTICLE III.A: RECORDATION TAX

§ 1-8-51. RECORDATION TAX RATE AND ALLOCATION OF PROCEEDS.

(A) *Definitions.* In this section, the following terms shall have the meanings indicated.

AG. The Agriculture Article of the Maryland Code Annotated.

CODE. The Frederick County Code.

COUNTY. Frederick County, Maryland.

CRITICAL FARMS PROGRAM. The Frederick County Critical Farms Program, created by Ord. 94-02-097, codified at § 1-13-34 of the Code.

FREDERICK COUNTY AGRICULTURAL LAND PRESERVATION PROGRAM. The Frederick County Agricultural Land Preservation Program created on May 28, 1991, pursuant to the provisions of AG § 2-512.

HOUSING INITIATIVE FUND. A fund established by the county to facilitate affordable housing. See § 1-6A-3 of the Code.

INSTRUMENT OF WRITING. The meaning set forth in TP § 12-101(c).

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION PROGRAM. The Maryland Agricultural Land Preservation Foundation Program established and codified in AG §§ 2-501 *et seq.*

NR. The Natural Resources Article of the Maryland Code Annotated.

PROCEEDS FROM THE RECORDATION TAX. The proceeds the County receives from the recordation tax after any payment required by law to the State of Maryland.

RECORDATION TAX. The recordation tax authorized by TP §§ 12-102 *et seq.*

RURAL LEGACY PROGRAM. The Rural Legacy Program established and codified in NR §§ 5-9A-01 *et seq.*

TP. The Tax-Property Article of the Maryland Code Annotated.

(B) *Recordation tax rate.* Pursuant to TP § 12-103(B)(1), the county hereby sets the recordation tax rate at \$6 for each \$500 or fraction of \$500 of consideration payable or of the principal amount of the debt secured for an instrument of writing. The consideration includes the amount of any mortgage or deed of trust assumed by the grantee(s).

(C) *Allocation of unrestricted proceeds from the recordation tax.* **FOR FISCAL YEAR 2021** [58.333] **56.833%, FOR FISCAL YEAR 2023 56.333%, AND FOR FISCAL YEAR 2023 AND THEREAFTER 55.833%** of the proceeds from the recordation tax shall be unrestricted and shall go to the County General Fund.

Underlining indicates entirely new matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill

Double underlining boldface indicates matter added by Amendment.

[[Double bracket]] boldface and ~~strike through~~ indicates matter deleted by Amendment.

Bill No. 19-12

(D) *Allocation of restricted proceeds from the recordation tax.* The county hereby restricts [41.667] 43.167% of the proceeds from the recordation tax. The use of the funds from the [41.667] 43.167% restricted portion of the proceeds from the recordation tax is limited as follows.

(1) 12.5% of the proceeds from the recordation tax shall be used for:

(a) The County's matching contribution toward the purchases of agricultural land preservation easements under the Maryland Agricultural Land Preservation Fund Program as set forth in AG §§ 2-501 *et seq.*;

(b) The purchase of development rights and to guarantee loans that are collateralized by development rights for agricultural lands under the Frederick County Agricultural Land Preservation Program pursuant to AG § 2-512(E)(2);

(c) The purchase of options to purchase development rights easements pursuant to § 1-13-34(H) of the Critical Farms Program and to purchase development rights easements pursuant to § 1-13-34(I) of the Critical Farms Program;

(d) The purchase of development rights, easements, or fee estates under the Rural Legacy Program;

(e) Other agricultural land preservation programs approved by the county; or

(f) Some combination of the above programs.

(2) 12.5% of the proceeds from the recordation tax shall be used for the County's acquisition and development of recreational and open space land.

(3) 16.667% of the proceeds from the recordation tax shall be used to support school construction to include, but not be limited to, payment of debt service on general obligation debt issued to fund school construction.

(4) **FOR FISCAL YEAR 2021 1.5% FOR FISCAL YEAR 2022 2%, AND FOR FISCAL YEAR 2023 AND THEREAFTER 2.5%** of the proceeds from the recordation tax shall be deposited into the Housing Initiative Fund and used to facilitate affordable housing in the county.

Underlining indicates entirely new matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill

Double underlining boldface indicates matter added by Amendment.

[[Double bracket]] boldface and ~~strike through~~ indicates matter deleted by Amendment.

Bill No. 19-12