

## CHAPTER 605

(House Bill 737)

AN ACT to repeal and re-enact, with amendments, Section 278A of Article 81 of the Annotated Code of Maryland (1969 Replacement Volume), title "Revenue and Taxes," subtitle "State Property Transfer Tax," to revise various provisions of the State property transfer tax law with particular respect to the instruments subject to and exempt from the tax, the computation of tax applicable to long term leases, and the manner of evidencing payments of the tax.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 278A of Article 81 of the Annotated Code of Maryland (1969 Replacement Volume), title "Revenue and Taxes," subtitle "State Property Transfer Tax," be and it is hereby repealed and re-enacted, with amendments, to read as follows:

## 278A.

In order to pay the principal and interest on the certificates of indebtedness issued pursuant to the "Outdoor Recreation Land Loan of 1969," or "Program Open Space";

(a) A tax is hereby imposed upon every written instrument conveying title to real property, or a leasehold interest therein, offered for record and recorded among the land records in the State, but conveyances [ to the State or to any agency or instrumentality thereof, or to any political subdivision of the State] by or to the United States, the State, or any ~~political~~ POLITICAL subdivision of the State, or any agency or instrumentality thereof, shall not be subject to the tax imposed by this section. The term "written instrument" includes leases for a term of years above seven years, not perpetually renewable but does not include any mortgage, deed of trust, conditional sales contract, or any other device the purpose of which is to afford a security in real property rather than convey title thereto.

(b) The tax imposed by this section shall be levied at the rate of one half of one per cent (0.5%) of the actual consideration paid for the conveyance of title and shall be collected by the clerks of the circuit courts of the counties or the clerk of the Superior Court of Baltimore City.

(c) In the case of the creation of or a transfer of a perpetually renewable ground rent, the tax shall be based upon the capitalization at 6 percent of the annual ground rent, plus the actual consideration, other than the capitalization of the ground rent, paid or to be paid.

(d) [In the case of a lease for a term of years above seven years, not perpetually renewable, the tax shall be based upon the capitalization at 10 per cent of the average annual rental over the entire term of the lease, including any renewal term, plus the actual consideration, other than rent, paid or to be paid. Where the average annual rental cannot be determined, the tax shall be based upon a figure arrived at by multiplying the assessed value of the property covered by the lease by two.]