
CITY OF BALTIMORE

CATHERINE E. PUGH, Mayor



DEPARTMENT OF FINANCE

HENRY J. RAYMOND, Director
454 City Hall
Baltimore, Maryland 21202
410-396-4940

January 3, 2019

Mr. Josh Greenfield, Esq.
Vice President of Government Affairs
Maryland Building Industry Association
11825 West Market Place
Fulton, MD 20759

Dear Mr. Greenfield:

I am responding to your inquiries dated December 14, 2018.

My responses are in the order of your inquiries.

1. The ordinance goes into effect on January 11, 2019. The bill authorizes, but does not require the Director of Finance to issue regulations. There are no plans to draft yield tax regulations. There is no requirement for a public comment period on draft regulations.
2. The new recordation tax (Yield tax) will be collected by the Finance Department (Property Transfer Office) located in the Abel Wolman Municipal building at the same time that the recordation and transfer taxes are collected. The Yield tax may be paid with one financial instrument for both transfer and recordation. The Property Transfer Office will begin collecting Yield tax on January 11, 2019. The existing recordation tax has not been collected by the clerk of the court since 2014. The Property Transfer Office is now collecting the existing recordation tax.
3. The collection procedures will mirror those for the existing transfer and recordation tax but recordation and transfer for the Yield Tax may be paid with 1 financial instrument. In all, 3 financial instruments will be remitted. One for Transfer, one for recordation and one for yield tax.
4. The exemptions don't "expire." The bill does not apply to: (1) deeds recorded up to 6 months after enactment if a use and occupancy permit was issued for the property prior to enactment; or (2) arms' length deeds for owner-occupied residences "delivered" "within 2 years" of enactment.
5. The affidavit will be available to the public, in person and online, in advance of the implementation date.

6. The calculation as displayed in your example is correct. Sec. 17.1-2 clearly indicates that the yield tax is calculated based on the tax yield from transfer and recordation taxes, not the amount of consideration for the transaction. Sec. 17.1-2 establishes the rate upon which the tax yield from transfer and recordation taxes shall be multiplied to determine the amount of the yield tax. Sec. 17.1-2 provides for the calculation of the tax. Sec 17.1-2(b) states that “the rate of tax shall be as follows: (a) 0.15% on the amount collected under Subtitle 16; and (b) 0.6% on the amount collected under Subtitle 17 of the Article.”

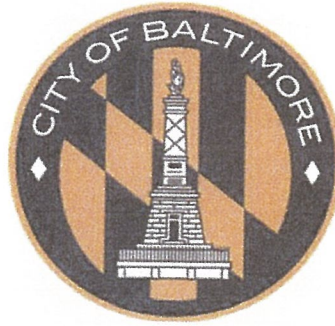
If you need any clarification to the responses, please contact me by email at henry.raymond@baltimorecity.gov or by phone at 410-396-4940.

Sincerely,



Henry J. Raymond

Cc: The Honorable Catherine E. Pugh, Mayor
The Honorable Bernard C. “Jack” Young, President
Mr. James Smith
Mr. Peter Hammen
Mr. William Cole
Mr. Colin Tarbert
Ms. Poetri Deal
Mr. Michael Huber



**City of Baltimore
Department of Finance
Bureau of Revenue Collections**

PUBLIC NOTICE

**New Yield Tax – Proceeds Dedicated to the Affordable Housing Trust Fund
(City Council Bill 18-0221)**

A new Yield Tax on some real property transfers becomes effective on January 11, 2019. With certain exceptions, the tax applies to all transactions for which Recordation and Transfer Taxes are due pursuant to BALTO. CITY CODE, ART. 28, SUBTITLES 16 and 17, and for which the consideration exceeds \$1,000,000.

The Yield Tax rate is:

0.15% on the amount collected under SUBTITLE 16, Transfer Tax and
0.6% on the amount collected under SUBTITLE 17, Recordation Tax.

Payment of the Yield Tax must be made by check, payable to the “Director of Finance – Baltimore City”, separate from Transfer Tax and Recordation Tax checks. However, the amounts due for both the transfer tax portion of the Yield Tax and the recordation tax portion of the Yield Tax can be combined and submitted in one check.

For example, if submitting a document to the Transfer/Recordation Taxes Office for which the consideration exceeds \$1,000,000 and Transfer and Recordation Taxes are due, then three checks must be included: one for the Transfer Tax, one for the Recordation Tax, and one for the Yield Tax.

For more information about the Yield Tax and the Affordable Housing Trust Fund, please visit BaltimoreCity.gov.