

Letter from Montgomery County Council

May 5, 1969.

The Honorable
Governor Marvin Mandel
State House
Annapolis, Maryland 21404

Re: Senate Bill 429
1969 General Assembly

Dear Governor Mandel:

By a vote of 4 to 3, at its meeting of April 29, the County Council for Montgomery County instructed me to request that you veto Senate Bill 429 enacted in the recent session of the General Assembly.

This Bill would repeal a section of the Public Local Law which authorizes the County Council to levy and impose taxes on the transfer of fee simple interest in real property. The present statute authorizes rates not to exceed specified amounts for three different classes of property: Six percent of the value of the consideration for any transfer of land which while owned by the transferor has been assessed at any time during the five years preceding transfer on the basis of being actively devoted to farm or agricultural use; six percent of the value of the consideration for any transfer of real property which has been rezoned to a more intensive use at the instance of the transferor or transferee excluding the value of improvements, construction, after event; one percent of value of the consideration for any other transfer. The authorizations are in the disjunctive and hence are not cumulative. The rates are the maximum rates which may be imposed.

Senate Bill 429 would delete the section imposing the first of the above-specified rates, specifically with respect to the property which has been devoted to farm or agricultural use. It retains the other two classes of transfer taxes. There is and has been in effect in Montgomery County for a number of years a graduated transfer tax under the authority for the one percent levy. The Council has enacted a six percent transfer tax which would go into effect on July 1st under the first of the above classes, that relating to farm assessment property.

This authority to levy six percent transfer tax on farm land assessment property was granted to the Council by Chapter 633 of the Acts of 1968. It was the Council's understanding that it was granted in lieu of enactment of any revisions in the Farm Land Assessment Law designed to eliminate, reduce, or recoup substantial losses of local tax revenues by operation of the preferential farm land assessments.

It was the understanding of the Council when Senate Bill 429 was introduced that it was for the purpose of repealing the authority in event that a Farm Assessment Law was passed providing an alternate source of revenue for the County Government. Senate Bill 139 was enacted and signed by you, making certain revisions in the Farm Land Assessment Law and providing for a rollback on property taxes not to exceed a period of three years nor five percent of the "full cash value" at the time of sale.

This Act, by its very terms, cannot provide any alternate source of revenue for the Council prior to Fiscal Year 1971. Beginning in that year it can provide one-third of the maximum contemplated under the Act,