CHAPTER 646

(House Bill 1202)

AN ACT concerning

Recordation Tax – Construction Loans

FOR the purpose of requiring certain lenders to issue a draft in a certain amount, payable to the appropriate collector of the recordation tax when additional debt is incurred on certain construction loans under certain circumstances; providing that the proceeds may be from the additional debt incurred or from funds of the borrower; providing that the borrower remain liable for the recordation tax until it is paid; and generally relating to payment of recordation tax on additional debt incurred in connection with certain construction loans.

BY repealing and reenacting, with amendments,
    Article – Tax – Property
    Section 12–105(f)
    Annotated Code of Maryland
    (1986 Volume and 1993 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Tax – Property

12–105.

    (f)   (1)   Except as provided in paragraph (4) of this subsection, if the total amount of secured debt has not been incurred at the time of recording or filing the instrument of writing, the recordation tax applies only to the principal amount of the debt incurred at that time.

    (2)   Except as provided in paragraphs (3) [and], (4), AND (6) of this subsection, on or before 7 days after any additional debt is incurred after recording or filing an instrument of writing, a statement under oath of the amount of additional debt shall be filed with the clerk of the circuit court or with the Department, and the recordation tax shall be paid on the additional debt by the debtor.

    (3)   If the additional debt under paragraph (2) of this subsection is applied to repayment of the debt previously incurred, the recordation tax does not apply to the additional debt.

    (4)   The recordation tax may be computed and paid on the maximum outstanding principal sum, however expressed, that is stated to be secured by the instrument of writing, without regard to the amount of secured debt actually incurred, advanced, or readvanced.