

- (c) An assignment of a lessee's interest;
- (d) Articles of transfer;
- (e) Articles of merger or other document which evidences a merger of foreign corporations or foreign limited partnerships; and
- (f) Articles of consolidation or other document which evidences a consolidation of foreign corporations.

(3) "Instrument of writing" does not include:

(a) A mortgage, deed of trust, or other contract that creates an encumbrance on real property; or

(b) A security agreement, as defined in § 12-101(e) of the Tax - Property Article of the Annotated Code of Maryland.

B. The County Commissioners may impose a transfer tax on an instrument of writing:

(1) Recorded with the Clerk of the Circuit Court for St. Mary's County; or

(2) Filed with the State Department of Assessments and Taxation.

C. A transfer tax under this section:

(1) Shall be established by ordinance;

(2) May not exceed one (1) percent; and

(3) Does not apply to:

(a) An instrument of writing exempt from the State transfer tax under § 13-207 of the Tax - Property Article of the Annotated Code of Maryland; or

(b) A transfer of land subject to the agricultural land transfer tax under Title 13, Subtitle 3 of the Tax - Property Article of the Annotated Code of Maryland.

D. (1) The proceeds from the transfer tax may only be used to pay for capital projects.

(2) The County Commissioners shall state in the county budget each year:

(a) An estimate of the revenue to be received from the transfer tax for both the current and the ensuing fiscal years;

(b) The revenue received from the transfer tax during the previous fiscal year; and

(c) The capital projects for which the County Commissioners anticipate the proceeds from the transfer tax will be used.