(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.